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Parkinson Forceful in Comment on the SEC Investigation

**Equitable's President
Shows His Teeth in an
Address at Philadelphia**

PHILADELPHIA—The business of life insurance, its practices and its methods, were vigorously upheld and the monopoly investigating committee and the national administration were even more vigorously assailed by T. I. Parkinson, president of Equitable Society, in his address before the annual banquet of the Insurance Society of Philadelphia.

Remarks Are Cited

He cited the remarks of Chairman Douglas of the SEC that there is no question as to the reserves or the financial stability of life companies. "A clean bill if there ever was one." He pointed out that Mr. Douglas also had stated that nothing would be done to disturb the interests of policyholders. He remarked, too, that Senator O'Mahoney had issued a statement to the effect that no policyholder had any cause for alarm. Pointing out that the life companies had agreed to cooperate in the investigation, although an earlier study of the Congressional measure had shown no reference that life insurance was to be included, in the hope of finding cause for constructive improvement that would better help the business serve its policyholders, Mr. Parkinson asked: "And we find what?"

Parade of the Disgruntled

"First a parade of disgruntled agents of one company who say that they 'forged' so-called proxies to a so-called election of members of the board. We have broadcast to the country, at the expense of the tax payers, the impression that there is something wrong in Denmark."

He explained and defended the present method of selecting directors for a mutual company. He pointed out that the methods being used today are the ones set forth by Supreme Court Justice Hughes in 1907—the alternative method. One of the two methods is selection where existing management selects "and there is no election." The other, or alternative method, is where the policyholder has the right to name an opposition ticket, which must be named five months before election. "If there is no opposition ticket, there is no election." One ballot, cast by the secretary of the company, is sufficient to select the directors.

"You try selecting directors for a mutual company," Mr. Parkinson told his audience, going on then to ask whether the company should spend \$65,000 a year to send out notices for an election that in reality was a selection.

He stated that "nobody ever has been

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Life Men Relieved Though Puzzled As Probe Adjourns

**"Where Do We Go From
Here?" Still an Un-
answered Question**

WASHINGTON—Conclusion of the two-week hearing of the monopoly committee on life insurance brought sighs of relief at the comparative absence of sensationalism but little additional light on the important question: "Where do we go from here?" Beyond statements that hearings would take up life insurance again in about a month, the only specific suggestion resulting from the Securities & Exchange Commission study was the announcement by SEC Chairman W. O. Douglas that the SEC expects to be able to give the Temporary National Economic (monopoly) Committee "some concrete suggestions for improving the quality of the election machinery on the constructive side" in mutual companies.

Even on that point it seems to have occurred to the committee, if not to the SEC, that there is an element of safety in an election set-up which does not readily lend itself to irresponsible or self-seeking policyholders monkeying with the machinery. Vice-chairman Hatton Sumners' statement in concluding the hearing last week expressed doubt that any system could be put into operation which would actually give the great mass of policyholders the power to control the management of a mutual concern and he wondered if they had the power they could exercise it wisely.

That the committee also felt some doubt as to what the whole SEC investigation of life insurance is getting at might be inferred from Sumners' remark at the end of Thursday's session. Examiner Gesell was saying that the SEC hoped to conclude "this phase" of its presentation the following day. Sumners interrupted to observe, "whatever that phase may be."

Going Ahead with Study

One thing seems certain and that is that the SEC has embarked on the most minute, comprehensive, detailed, exhaustive study of life insurance ever attempted. The SEC is not only studying the quality of life insurance investments and their effect on the general economy but how those investments are managed in the interests of the individual policyholders. Also whether sales policies are in the interest of policyholders.

Just about every conceivable angle of life insurance; except possibly the adequacy of reserves, which is not questioned, will be put under the SEC microscope. The more money Congress appropriates for further study, the higher will be the microscope's power. Chairman Douglas wants \$300,000 to \$500,000 for the kind of study he thinks should be made but if less is forthcoming the study will continue anyway, it is said.

The SEC fully intends to get into merchandising methods in life insurance. In its mind is a question, for example, whether dividend scales are not pitched

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**Douglas Watched Closely
for Indications of SEC
Ultimate Aims**

By R. B. MITCHELL

WASHINGTON—Because of his position as chief of the administrative arm which is investigating insurance and calling witnesses before the monopoly committee, life insurance observers kept a keen eye on Chairman Douglas of the Securities & Exchange Commission and watched with interest as he emerged from a background role of guiding Examiner Gerhard Gesell by remote control and became more and more the pilot of the SEC's presentation of its evidence. The SEC has been so noncommittal about its ultimate aim in investigating insurance companies that everything Douglas did or said was seized upon with a view to determining which way the wind might be blowing.

Douglas gives the impression of being sincere. In the main, his utterances on life insurance have been mild enough so that most life men would subscribe to them heartily, though they would not share in his concern over the large size of life companies nor his apparent feeling that dangers which might conceivably materialize but actually do not should be a cause for worry.

Douglas States Position

However, during the time of the monopoly hearings on life insurance Douglas delivered a highly significant address in New York City. Douglas declared that big corporations, because of their emphasis on material values, have tended to degrade moral values and are a menace to democratic ideals. He warned that the trend, if carried to its conclusion, must produce either communism, which places complete reliance on satisfying physical needs, or fascism, which defies the state and makes men responsible to it instead of to God.

Of particular interest to insurance men, in view of the way the SEC has been hammering at bigness in life companies, were Douglas's remarks on the evils of size and the necessity of reconstructing the economic system to regain the allegedly lost moral and spiritual values and so forestall any foreign ideology that denies the godliness of man or defies the state. Douglas feels that the growth of big corporations has submerged free enterprise and has submerged the individual in the corporation as much as he has been submerged in the state in other lands.

Hits "Vast Empires"

"The convenient and impersonalized use of the corporate device has unquestionably contributed to moral decadence," said the man who is directing the government's inquiry into insurance. "This has especially been true with the growth of bigness. Empires so vast as to defy the intimate understanding of any one man tend to become playthings

(CONTINUED ON LAST PAGE)

Fraternal Meeting Demands of Times for Modernizing

**Better Public Relations
Work Is Keynote of Chi-
cago Mid-year Meeting**

Improvement of the public relations work of fraternal societies comprising the National Fraternal Congress—through the employing and training of a high type of field workers and by carrying the message of the institution directly to the public in radio broadcasts—was the theme of the midwinter N.F.C. meeting in Chicago this week.

At one time, speakers said, the American people looked mainly to fraternal societies for life insurance protection. Then came the era of inadequate rates. The societies still suffer from the impression then created that fraternal life insurance was inadequately reserved and costly to the insurance buyer, although societies long since went on a proper legal reserve basis.

Sharp Contrasts in Results

Fraternal life insurance in force has decreased substantially in the last quarter century, while so-called "commercial" or old line life insurance has grown to vast proportions.

The fraternal leaders are casting about to find the reasons for this trend. As summed up by various speakers, some of the reasons seem to be that commercial life companies have taken vigorous steps to modernize their field methods, have devised ways to help in selecting salesmen who will have good chance for success, and have trained them at great expense; whereas fraternal, by and large, have attempted to make shift with their old selling methods and plan of field work, which are almost inextricably tied up with the lodge system that is a distinguishing feature of the fraternal.

Separating Lodge, Sales Work

A strong sentiment is developing for separating the lodge and beneficial activities from the selling of life insurance, by employing salesmen for the selling end. It was pointed out that persons most valuable in lodge and degree work often are not good salesmen, and vice-versa. In some societies this change has taken form substantially.

The movement to streamline fraternal life insurance took most definite form in the annual meeting of the Fraternal Field Managers Association, which is reported elsewhere in this issue, but the crystallizing thought in this direction was evident in the comments of several speakers in the various section meetings.

Fraternal life insurance stands on the threshold of its most prosperous era, A. O. Benz, president Aid Association for Lutherans, Appleton, Wis., declared

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Annual Statements Furnish Points of Real Interest

EQUITABLE SOCIETY

Assets of Equitable Society increased \$155,370,390 during 1938 and at the end of the year amounted to \$2,260,913,149. Net surplus increased by \$16,201,500 and stands at \$78,811,922. The mortality ratio was 58.16 as compared with 60.36 the previous year. President T. I. Parkinson pointed out in this connection that the significant factor is the actual mortality experience rather than the particular mortality table which is employed in pitching the rate.

Premium receipts amounted to \$278,997,524 and payments to policyholders were \$190,761,068. Policy loans were less by \$5,645,181 than the end of the previous year.

Ordinary sales amounted to \$315,668,920, group \$100,311,179. Insurance in force was \$6,749,177,544, increase \$14,645,883.

CONNECTICUT GENERAL LIFE

While the Connecticut General Life's 1938 sales of new insurance did not reach the high levels of 1937, the latter months of the year were marked by an improvement in trend which is carrying over into the new year. New paid life insurance was \$163,821,116, the total in force rising to \$1,147,142,845. Assets increased \$19,313,936 to \$246,598,612. Life premium income was \$36,780,877, accident and health department receipts to \$2,504,49; investment income was \$10,580,236; total receipts, premium, investment and other, \$54,649,152.

Total paid policyholders and beneficiaries was benefits, matured endowments, disability and double indemnity benefits, \$21,183,802; total disbursements in 1938, \$34,993,063.

After the usual provision for statutory reserves, increase in special insurance reserves and revaluation of certain assets, \$817,056 was added to surplus, which brought total excess security to policyholders to \$10,027,579, not including a contingency fund of \$1,800,000 over and above statutory requirements.

The yield on new investments averaged a little over 3½ percent gross. Gross rate on entire assets was 4.49 percent, net rate 3.47 percent. The mortality was exceptionally good.

UNION MUTUAL LIFE OF MAINE

Union Mutual Life of Maine in its new annual statement reports assets \$22,295,383, surplus \$720,408. Premium income was \$2,487,442 and total income \$3,677,348. Death claims amounted to

\$1,069,533 and aggregate payments to policyholders and beneficiaries were \$2,245,980. Since organization Union Mutual has made such payments amounting to \$114,398,333. New insurance paid for was \$7,882,045 and insurance in force was \$75,643,194.

STATE MUTUAL LIFE

State Mutual Life is able to do much dignified strutting in its booklet reporting the 1938 results and containing a back-of-the-scenes message from President Chandler Bullock.

Paid for new insurance gained \$1,335,896 and amounted to \$42,553,919. The average amount per policy was \$3,529, a gain of 2 percent. Of the 12,057 policies paid for 56.27 percent were whole or limited life; 4.94 percent family income; regular endowment 3.7 percent; retirement income 12.96; term 20.21; family maintenance 1.92.

Insurance in force stands at \$595,433,103, gain \$9,854,326. Policies in force numbered 174,519. Terminations amounted to 5.54 percent of total insurance in force at the beginning of the year. That is a high persistency.

Total receipts were \$31,270,075, disbursements \$23,951,079. New investments made amounted to \$25,052,103, the effective yield being 3.26 percent. Excluding federal bonds, net yield on new bonds was 3.1 percent compared with 3.4 percent the previous year.

The bond account is \$88,351,544, consisting of 616 issues by 382 obligor corporations. More than half the bond account matures within the next 15 years. Only 6.7 percent of assets are in general railroad bonds.

The actual market value of all bonds and stocks was in excess of the value at which they are carried by \$1,601,074.

The real estate account has declined. Properties for a total purchase price of \$1,755,175 were sold, 32 percent being received in cash. The properties sold, according to Mr. Bullock, are those least likely to appreciate in value; properties are not being sacrificed if they are likely to show an improvement with an upturn in real estate values.

Assets are \$182,383,866, as compared with \$175,615,016. Surplus stands at \$8,335,667. Mortality was 58.66 percent.

NORTH AMERICAN REASSURANCE

North American Reassurance, the only company in the country doing exclusively a life reinsurance business, in its new annual statement reports assets \$16,741,572. Policy reserves are \$13,-

912,639; there is a contingency reserve of \$303,999, capital is \$1,000,000 and net surplus is \$1,200,000. Life reinsurance in force amounts to \$140,987,200, a gain of about \$1,600,000.

CANADA LIFE

Canada Life in its new annual statement reports assets of approximately \$269,000,000, an increase of \$7,700,000. This year Canada Life celebrates its 50th anniversary in the United States. When it entered this country its assets were about \$9,000,000. Surplus funds and special reserves amount to \$14,763,139. New paid for insurance, excluding annuities, amounted to \$64,968,806 and insurance in force is \$814,935,337. The business in force representing direct production of the field organization shows an increase of more than \$4,200,000.

Total net premium income is about \$25,300,000, an increase of \$254,000. The average rate of interest earned on investments showed a slight increase.

A total of \$24,600,000 was paid to policyholders and beneficiaries. Since organization Canada Life has made such payments amounting to more than \$680,000,000. Canada Life has \$63,400,000 invested in the United States.

UNITED STATES LIFE

The United States Life's new figures show new business \$12,225,348, increase 19.3 percent. The new ordinary business was \$10,538,833, increase 40.7 percent. The gain in insurance in force was \$4,445,583, making a total of \$50,186,897, thus passing the \$50,000,000 mark for the first time in its history. The increase is 9.7. The United States Life states that there was a wholesome increase in new domestic business written and in force but even a greater increase in foreign business. Of its increase 62 percent resulted from foreign operations. The increase in income was 14.6. The premium income increased 1.2 percent. There was a large volume of total single premium business in 1937, which accounts for the smaller increase in 1938. The mortality ratio was 59.48 percent, as compared with 47.24 percent the year before. The assets increased 8.8 percent. The capital is \$500,000 and net surplus \$139,081. The U. S. Life is 89 years of age.

CENTRAL LIFE OF IOWA

The Central Life of Iowa's new statement shows assets \$46,469,155, exclusive of the Illinois Life fund amounting to \$11,064,509, bringing the total to \$57,533,664. The net surplus is \$3,794,120. The liabilities of the Illinois Life fund are \$11,064,509. There is no change in the dividend schedule for this year. The earnings were \$1,299,646, the assets increased \$1,890,262, the interest on mort-

Seattle Man's Ordinary Life Policy Matures

SEATTLE, WASH.—The ordinary life policy of 96-year-old Brigham Buswell of Seattle has matured as an endowment policy at 96. Mr. Buswell took out the policy 65 years ago with the John Hancock Mutual Life. He was paid the \$750, the face amount of the policy.

gages was 4.81, net return on all real estate was 1.9. This year the Central Life threw out rents due and accrued and took no credit for crop inventories. This year the company did not capitalize on taxes advanced, during or prior to foreclosure. The average yield on bonds was 3.79 percent. The net interest earnings were 3.64 percent, decrease .31 percent. The mortality ratio was 43.06. The business in force was \$162,291,451, increase \$480,876. The Illinois Life fund surplus is \$170,462.

PACIFIC NATIONAL LIFE

Pacific National Life of Salt Lake City reports an increase of assets of \$1,904,635, or 13 percent; increase in insurance in force of 13 percent, bringing the total to \$15,190,000. Mortality was favorable.

NATIONAL LIFE & ACCIDENT

Assets of National Life & Accident now amount to \$63,074,520, a handsome gain as compared with \$54,891,980 the end of the previous year. Capital is \$3,000,000 and net surplus \$5,060,613, as compared with \$3,959,687.

Insurance in force is \$645,637,655, a gain of \$45,827,009. National Life & Accident is bolstered with extra reserves. For instance, there is a \$1,000,000 reserve for epidemics, \$600,000 for investment fluctuation.

AMICABLE LIFE

Amicable Life of Waco, Tex., has issued its new annual statement, showing assets \$12,608,923, a gain of nearly \$1,000,000. Capital is \$820,000, net surplus \$519,273 and there is a contingency reserve of \$150,000, a gain of \$50,000. Insurance in force is \$81,251,687, as compared with \$80,084,313. Since organization Amicable Life has paid policyholders and beneficiaries \$13,351,886.

President A. R. Wilson states that the operations of Amicable Life in 1938 were the most satisfactory in its history. In addition to increases in insurance in force, assets, surplus and contingency reserve, the company had a favorable record from its real estate operations, the holdings returning a net return of better than 4 percent.

COMMONWEALTH LIFE

The Commonwealth Life of Louisville, in its new annual statement shows assets \$19,408,005, special reserves \$475,212, capital \$1,500,000, net surplus \$250,000, insurance in force \$153,940,047. It has increased this last item during the last five years 33 1/3 percent. The Commonwealth Life deserves special credit. A year ago it showed a decrease in surplus. Yet this year it has set aside \$475,212 as special reserve for possible future asset adjustments and, therefore, the actual earnings for the two years amount to over \$800,000. It fell off slightly in the amount of new business owing to the conditions of the times but in all other respects the company emerges with flying colors.

Home Office Life Club Meet

MINNEAPOLIS—Some of the misconceptions of the general public regarding life insurance were related by E. M. Heum, supervisor of home office service, Northwestern National Life, at a meeting of the Home Office Life Club. R. C. Lee of the group division of the Northwestern National talked on "Some Modern Aspects of Group Life Insurance."

FIGURES FROM DEC. 31, 1938 STATEMENTS

	Total Assets	Change in Assets	Surplus to Policyholders	New Bus. 1938	Ins. in Force Dec. 31, 1938	Change in Ins. In Force	Prem. Income 1938	Total Income 1938	Benefits Paid 1938	Total Disburs. 1938
Baltimore Life	17,068,757	+718,719	2,087,825	28,676,814	101,363,381	+2,315,757	3,219,516	4,279,002	1,708,644	3,598,119
Bankers Union, Cal.	657,422	+99,276	171,383	1,282,311	7,298,694	370,896	235,072	348,241	78,292	209,350
Bus. Men's Assur., Mo.	17,800,142	+1,901,593	1,641,564	19,350,039	5,173,384	6,200,157	2,169,387	4,330,811
Central Life, Ia.	46,469,155	+1,890,262	3,794,120	13,297,328	162,291,451	+480,876	4,885,599	7,697,559	3,348,529	5,635,712
Equitable Life, D. C.	13,883,036	+792,476	848,838	33,162,249	104,690,559	+6,168,534	3,266,416	4,037,883	1,539,236	3,282,968
Equitable Society	2,260,913,149	+155,370,390	78,811,922	744,144,644	6,749,177,544	+14,645,883	278,997,524	427,386,355	190,761,068	279,676,451
Farmers Union Life, Ia.	1,615,745	+52,483	304,010	1,437,184	8,806,526	+217,084	251,440	346,267	166,989	301,208
Home Friendly, Md.	3,432,523	+216,132	920,597	15,256,125	26,737,517	+1,438,324	1,199,109	1,377,026	392,006	1,181,158
Independent Life, Md.	626,202	+113,721	124,555	2,620,507	5,862,258	+2,367	211,031	236,623	27,309	137,463
International Travelers' Assur., Tex.	420,332	+63,177	141,054	753,623	3,197,865	+169,548	85,591	94,258	13,647	55,027
John Hancock Mut. Life	920,507,589	+65,472,204	56,010,361	490,580,187	4,175,557,199	+76,319,647	164,575,707	212,894,272	92,791,267	147,151,971
Lutheran Mut. Life, Ia.	9,244,174	+1,279,718	914,030	6,598,167	57,865,661	+2,540,454	1,801,544	2,267,099	613,020	1,024,945
Lincoln Liberty, Neb.	8,000,471	+981,611	570,348	7,215,456	30,352,000	+2,571,000	1,380,744	1,904,494	457,455	914,388
Monumental Life, Can.	31,013,460	+2,910,976	4,576,172	71,677,330	272,313,586	+14,227,211	7,947,196	8,867,318	2,120,309	6,163,317
Mutual Life, Can.	178,977,223	+8,469,166	9,272,809	44,856,945	559,100,911	+8,521,585	18,132,060	20,287,685	16,656,973	21,110,692
National Old Line, Ark.	1,063,772	+66,892	302,808	725,509	6,168,275	+5,870	164,348	203,241	45,394	133,939
Nat'l Security Life, Mo.	71,847	-6,019	32,632	108,400	421,541	87,400	6,715	15,425	1,482	17,963
Pacific Northwest Life	185,433	+11,057	13,903	56,694	881,369	-36,806	26,726	45,156	14,290	34,100
Pennsylvania Mut. Life	3,121,170	+126,797	197,204	6,980,291	27,000,241	-204,914	780,355	897,590	381,154	796,409
Standard Life, Ind.	381,524	+108,355	247,541	5,248,000	10,261,000	+4,123,000	258,355	398,817	51,164	260,936
Sun Life, Can.	873,271,554	+44,783,778	27,500,799	193,134,981	2,905,380,286	+8,791,183	113,891,609	169,536,986	83,400,005	125,063,855
United Benefit Life, Neb.	12,954,468	+1,587,294	600,000	40,247,395	132,258,087	+7,543,186	3,242,171	4,213,786	1,026,482	2,671,606

*Ordinary \$2,868,292. Group (—) \$1,293,732.

*Ordinary \$103,774,109. Group \$12,457,995.

*Includes A & H Dept.

*Includes \$418,131,128 group life.

*Includes \$1,998,261,082 group life.

*Does not include \$4,315,515 transferred to the annuity account in 1938.

*Includes \$11,039 deduction on readjustment of real estate values.

*Life business only.

*Includes \$108,375 revised.

*Does not include asset fluctuation reserve of \$25,000,000.

*Contingent Reserve \$390,774. Unassigned Funds \$523,255.

Goodcell Champions Convention Audits

California Commissioner Issues Statement Hitting Attitude of Superintendent

Commissioner Goodcell of California has issued a statement this week on the company examination issue, in which, without naming him, he challenges the position taken by Superintendent Pink of New York. Mr. Pink has refused to be bound by the full convention examination system.

Mr. Goodcell states that the performance of his duty requires him to examine all insurers admitted to California or to participate in all such examinations. A convention examination, he states, minimizes local influence and secures a fair, impartial report as to the affairs of the company.

Now Conducting Examination

Recently, he said, the propriety of a convention examination was raised in connection with a company receiving more than \$1,500,000 premiums from California. Although the company raised no objection to a convention examination, the insurance authorities of its home state did object. Mr. Goodcell stated that he announced that he would examine that company alone if the right to a convention examination was denied. "I am pleased to say," he declared, "that the convention examination is now in progress."

California is the second or third state in volume of premium income, he declared, and 85 percent of the premiums are collected by external insurers.

The convention examination is a co-operative means whereby the authorities of the state may reasonably determine the standing of insurers doing an interstate business and thereby be placed in position to protect the interests of the public, according to Mr. Goodcell.

\$4,000 A WEEK

NEW YORK — Twenty-one representatives from departments of various states are in town examining different fire, life and casualty companies; work upon which, it is estimated they will be engaged for six months or more. Each examiner is entitled to charge \$25 per day for services, plus \$8 per day for living expenses, plus transportation expense.

The aggregate cost to the companies being audited is about \$4,000 a week.

The New York department is required to examine each of its home companies once every three years. Superintendent Pink a short time ago invited several other departments to join in the examination of certain large institutions, but was not prepared for the large number of outside examiners that arrived upon the scene. These outsiders were barred from participating and they proceeded to conduct independent examinations.

At the special meeting of commissioners in Chicago the other day, it was decided that these dual examinations now being conducted should be completed, but that the mandatory zone plan of examinations should be abolished. It was the operation of the mandatory plan that caused the current trouble in New York.

Full Term for MacDonald

CHEYENNE, WYO.—Alex MacDonald, who was appointed to complete the unexpired term of Commissioner Ham, has been named commissioner for a four-year term from March 1.

The appointment, made by Governor Smith following the defeat of two bills which would have abolished the post of insurance commissioner, was confirmed by the legislature just before adjournment.

Ordinary Sales Soar in January; Industrial Down

The Life Presidents Association reports that life business in January was 23.9 percent greater than in the same month in 1938. Ordinary was \$578,692,000 as against \$377,789,000, an increase of 53.2 percent. Industrial was \$99,363,000 as against \$179,975,000, a decrease of 44.8 percent. Group amounted to \$51,899,000 as against \$31,401,000, an increase of 65.3 percent.

A factor in the increase was the large amount of business written last December, but paid for in January. Much interest will be displayed in figures released next month on February business as they will give a more accurate indication of the trend of business this year. Much agents' time was taken in January delivering policies on business written in December.

SEC PROBE NOT RESPONSIBLE

NEW YORK—The decrease in industrial premiums in January as shown by the reports is in no way a reflection of the SEC investigation. All companies writing industrial business in New York City, so it is claimed, will show a recession in premium income so far this year. This is due to the discontinuance of the children's endowment contract and the consequent dislocation of producing habits of industrial men. Some men not in touch with the industrial business might infer that the SEC investigation had had a damaging affect, which is not the case in any way.

F. E. Huston, actuary for the American Life Convention, spoke on legislation developments at the February meeting of the Nebraska Insurance Institute in Lincoln.

Ohio Official Is Accorded Tribute

John A. Lloyd, New Superintendent, Is Honored by Insurance

COLUMBUS, O.—Four hundred men representing every branch of insurance attended the testimonial dinner given in honor of John A. Lloyd, recently ap-



JOHN A. LLOYD

pointed Ohio superintendent of insurance, who retired as executive secretary of the Ohio Association of Insurance Agents. A number of women were

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In the Higher Bracket

In business it is common for the cornerstone man, or some other valuable man, to die "at the wrong time." And then, if without life insurance protection, may come either disruption or a crippling loss. Sources of credit dry up, loans are called, and the end soon comes. Principals seek employment, and go back to clerical positions; homes are sold, and family life must be adjusted to the smaller income—luxuries are given up, and the children's bright future is blighted. And the employees of the ruined corporation participate in the disaster.

Businesses, big and little alike, employ life insurance as a sure preventive. It pours instantly into the stricken business a saving fund, and loss and disaster are avoided. Further, life insurance is an expander of credit—at bank and at other credit sources.

Understandably, this is a higher-bracket type of life insurance service, in which only underwriters acquainted with corporation structure and corporation finance can be successful. The field is vast.

* * *

THE PENN MUTUAL LIFE INSURANCE CO.

WM. H. KINGSLEY, Chairman of the Board JOHN A. STEVENSON, President
Independence Square PHILADELPHIA

Annual Message of Life Insurance Plan

Proposed to Have the Celebration Some Week in Autumn

NEW YORK—"The Annual Message of Life Insurance," which succeeds to "Life Insurance Week," will be celebrated this year in the fall rather than the spring as heretofore. The executive committee of the new Institute of Life Insurance met in joint session with the representatives of the Association of Life Agency Officers, National Association of Life Underwriters and Life Advertisers Association. While the spring has been regarded as an appropriate time for this week yet the new Institute of Life Insurance just established will be the leader in the movement and desires to have more time to contact companies and prepare a suitable program of events. While many of the processes used in the past will be brought into action it is the expectation of the institute to introduce new features and make the week one of still greater importance to the business and the public. The institute will be the bellwether in the "annual message" but the three other organizations naturally will work in close harmony with it.

New Executive Secretary

E. R. Trangmar of the Metropolitan Life was named acting executive secretary of the institute at an executive committee meeting which followed the general conference.

Those at the meeting representing the Institute were: J. A. Stevenson, Penn Mutual; C. G. Taylor, Jr., Metropolitan; F. B. Wilde, Connecticut General; M. A. Linton, Provident Mutual; J. A. Fulton, Home Life of New York; R. D. Murphy, Equitable Society; F. L. Fisher, Lincoln National; Karl Ljung, Jr., Jefferson Standard; John McCarroll, Bankers Life of Iowa; and James Branch, Sun Life of Canada.

Representing National Association of Life Underwriters—Roger B. Hull, general manager; C. J. Zimmerman, Connecticut Mutual's Chicago general agent and vice-president National association.

Representing Association of Life Agency Officers—Cecil North, Metropolitan Life; F. L. Jones, Equitable Society; Jerome Clark, Union Central; J. M. Holcombe, Jr., Life Insurance Sales Research Bureau.

Representing Life Advertisers Association—Messrs. McCarroll, who is president of the association, Fisher and Ljung; Seneca M. Gamble, Massachusetts Mutual Life.

Louisville Plans to Fete the National Councillors

A number of entertainment features are being prepared by the Louisville committee for the national councillors of the National Association of Life Underwriters for their mid-year meeting in that city on March 31-April 1. J. K. Taylor, Equitable Society, is chairman of the entertainment committee. Members of the national council will be guests of the Louisville people at a luncheon March 31. Following the afternoon session there will be a cocktail hour and a buffet supper. On the morning of April 1, a breakfast will be given for the trustees of the National association. The speaker will be Paul F. Clark, vice-president John Hancock Mutual. This is sponsored by the Louisville General Agents & Managers Association. All of the out of town guests are invited to attend.

The D. J. Farrell Agency of the Pacific Mutual Life in San Antonio, Tex., won a contest with the Jules Bauman agency of Houston, and received a bronze plaque.

State Farm Group Reports Good Year

Embarks on 5-year Plan of Expansion; to Push Into Metropolitan Centers

With an excellent increase reported in volume of business for 1937, more than 2,000 agents of the Illinois State Farm Insurance Companies in their annual meeting in Chicago subscribed to a five-year expansion policy which will carry operations of the companies farther into metropolitan centers.

At the present time approximately 80 percent of the State Farm group business is done in rural territory. Two years ago this was 90 percent.

A. H. Rust, executive vice-president, reported an unusually fine year for State Farm Life. Business in force increased to \$55,040,597. A year ago this figure was \$47,847,342. This sizable increase, Mr. Rust pointed out, was effected during a period when the industry as a whole was suffering a decrease as compared with the previous year.

Assets increased to \$3,121,295 from \$2,446,799. Surplus over all reserves, policy obligations, taxes, expenses and other liabilities now stands at \$570,473. This is an increase of slightly more than \$40,000. Total reserves amounted to \$2,550,821.

None of the bonds or mortgages in any of the companies are in default as to principal or interest.

Will Appoint Agents, Open Offices

G. P. Mecherle, chairman of the board, in announcing the expansion plans, said that new special agents will be appointed and company offices will be established in metropolitan centers. A revolving fund will be established to finance company operations. Efforts will be made to secure more full time agents. In addition attempts will be made to secure more district and special agents in other than metropolitan centers. Many territories will be reorganized.

Attendance at the convention reached a new high. This added to the enthusiasm of the group which was highly infectious and all speeches and entertainment were well received.

As in the past, the Stevens Hotel provided a fine meeting place, with the large crowd being handled efficiently and the service being excellent.

Holcombe, Schwinn Please Group

Two guest speakers who proved very pleasing to the crowd were J. M. Holcombe, Jr., manager of the Sales Research Bureau, and M. F. Schwinn, Northwestern Mutual Life. Mr. Holcombe, who spoke on "The Yardstick of Success," paid high tribute to the outstanding record made by the State Farm Group during its 17 years of existence. Mr. Schwinn, who always presents a genial but inspiring speech, told of his experience in selling insurance and the good which he received from doing it well.

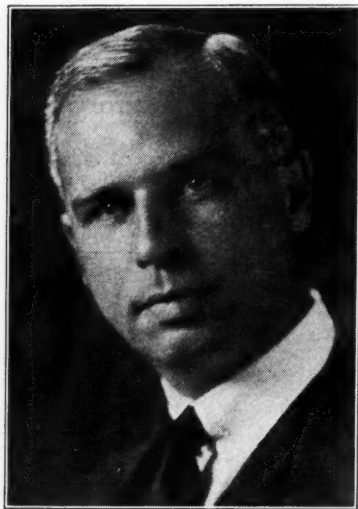
A highlight of the two day meeting included the Parade of States which was highly reminiscent of the national political conventions staged by the two leading parties, much hilarity being prevalent. Another highlight was the agency banquet of Monday evening.

Roy L. Davis, assistant director Illinois insurance department, attended the banquet and spoke. He pointed out that the country is more insurance-minded than ever before and that the insurance market is far from saturated. He said that there is plenty of opportunity in all fields of insurance for aggressive agents.

G. J. Mecherle, "the chief" and chairman of the board, proved to be a genial and versatile performer for the overflow crowd which jammed into the grand ballroom for the evening gettogether.

A feature of the convention was the

Leader Dead



JAMES W. SIMPSON

James W. Simpson of Montreal, superintendent-at-large of the Sun Life of Canada, died last week at his home in his 61st year. He had been connected with life insurance for over 35 years. He entered the head office of the Sun Life in 1902. He became inspector for Canada in 1909 and five years later was named inspector of the agency bureau. In 1916 he was appointed superintendent of home agencies. He occupied official positions with some of the company organizations. He was made superintendent-at-large in 1936. He made an extensive world tour covering all branch offices in the foreign field.

Mr. Simpson was the contact man of his company with other organizations and especially the insurance commissioners. He was a familiar figure at meetings of both Canadian and United States commissioners.

Mr. Simpson had not been in the best of health of late but his death came suddenly as he was at his office the day he died. He was in his usual good spirits although his friends thought that his complexion did not indicate healthy processes.

Ohio Liquidation Bureau Is Set Up by Lloyd

Superintendent J. A. Lloyd of Ohio has set up a bureau of liquidation with office in the Rowlands building, Columbus, O. Books and other property of nearly a dozen Ohio companies now in process of liquidation have been transferred to Columbus. E. O. Downs is in charge. Appointment of a chief may be made later. Dale Dunifon, who was associated with Gov. Bricker when he was attorney general, has been placed in charge of legal matters of the liquidation bureau.

The common pleas court at Columbus authorized payment of \$1,000 of funds of the Tower Mutual of Cincinnati and an equal amount from funds of the United Home Order of Cleveland into the liquidation fund. The department also has been authorized to pay salaries and expenses of other companies now in the hands of the department.

symposium on Tuesday morning on "State Farm Selling," which was led by the state directors.

On Wednesday following the convention a conference of state, district and special agents was held.

Charles E. Seay, the fifth man in the Southland Life organization in paid for business last year, had a record of \$371,859.

Recruiting, Training Field Men Debated

Fraternal Field Managers Group of N. F. C. Alive to Modern Needs

Responsibility of fraternal societies' management to recruit and train high types of field workers, so that not only is the public better served but the workers are successful, was the major theme at the annual meeting of the Fraternal Field Managers Association held this week in Chicago. The session preceded opening of the midwinter meeting of sections of the National Fraternal Congress there.

F. B. Mallett, field manager Protected Home Circle, Sharon, Pa., was elected president, succeeding A. R. Colvin, general sales manager Fidelity Life, Fulton, Ill. Fred A. Johnson, vice-archon and general organizer Royal League, Chicago, becomes vice-president, and W. E. Wright, assistant superintendent of extension, A. O. U. W. of North Dakota, is secretary-treasurer, succeeding Mr. Johnson. The executive committee includes E. W. Nelson, field manager National Mutual Benefit, Madison, Wis., and L. T. Duffy, organization manager C. O. F., Chicago, both reelected; J. E. Little, field director and actuary Maccabees, Detroit, and Mr. Colvin, who succeeds R. M. Norrington, field superintendent Gleaner Life, Detroit.

Addresses Point the Way

Two significant addresses pointed the direction in which society field directors are concentrating their activities. One was the fine talk by M. R. Smith, superintendent of agents, Modern Woodmen, on recruiting field men, in which he emphasized that some practical means of leading the new field worker to success, and of tiding him financially over the critical early months, must be worked out by the societies if they hope to be able to offer any inducements to men and women to solicit for them. The other was the report of Fred A. Johnson, vice-archon and general organizer, Royal League, and secretary-treasurer of the association, showing what had been accomplished through the fraternal sales training course and offering examinations for the F. I. C. (Fraternal Insurance Counsellor) degree.

State Managers' Responsibility

Mr. Smith emphasized that the home office first must have something to offer field men—a minimum of red tape and a maximum of dispatch, as well as thorough cooperation. Recruiting rests upon the state managers, he said, who should be producers. They should be paid entirely by commission based upon premium income, thus making them partners in securing good business.

The problem cannot be solved merely by recruiting a great number of field workers, he said, for a poor organization recruits poor salesmen who require so much supervision that they are practically useless. Recruiting should be secondary to proper development of present salesmen, he said.

Recruiting has become a more serious problem to societies, Mr. Smith said, because the sale of life insurance requires more training than the sale of memberships, and there is stronger competition.

Cannot Compete in Expenses

He noted that some commercial life companies have a cost of \$2,000 to \$5,000 each in securing permanent salesmen. Fraternals cannot afford such a cost. Their problem is to get permanent field workers at a cost they can afford. The financial investment in workers should be kept at a minimum, he said, inducing them to use their savings and then advancing them money against produc-

(CONTINUED ON PAGE 17)

Financial Section Speakers Selected

Mid-Year Meet of American Life Convention Unit March 27-28

The mid-year meeting of the financial section of the American Life Convention will be held at the Palmer House, Chicago, March 27-28. D. F. Roberts, treasurer Acacia Mutual Life, is chairman of the section. Company financial men thus far secured to speak and their topics are: Perry Bower, assistant treasurer Great-West Life, "Influence of Current Yields on Bond Investment Policy"; R. B. Richardson, president Western Life, "Economies in Investment Management," and Howard Holderness, vice-president Jefferson Standard Life, "Policy With Regard to Sale of Foreclosed Property."

The program will also include prominent investment authorities outside the insurance field, among which are F. R. Dick, Dick & Merle-Smith, New York, who will deliver a paper on the railroad situation; C. A. Fergus, director division of research and statistics, Federal Home Loan Bank Board, who will discuss problems of the Home Loan Board in addition to discussing the problems now being faced and which will probably be faced in the future by life insurance companies in connection with home financing, and Paul Ryan, chief statistician American Gas Association, New York, will talk on "Some Economic Aspects of the Gas Industry."

The mid-year meeting will occupy two days this year instead of one, which has been the custom in the past.

The proposed investment school for life company home office officials will be discussed.

Nebraska Probe Is Being Reconsidered

LINCOLN, NEB. — The legislature has reconsidered, without any opposing vote, the motion to indefinitely postpone consideration of the resolution calling for an investigation of the insurance department. Senator Miller, author of the original resolution, said that if the resolution is again killed he will offer bills covering requirements that individuals organizing insurance companies must risk their own money rather than by putting up their notes; defining what publicity shall be given as to the standing of directors and officers starting a new company; more rigid restrictions upon assessment companies, requiring reserves for payments of losses being set up from the beginning; strengthening of the laws relating to mergers in order to protect policyholder's interests, and placing greater responsibility upon the department by enlarging its powers.

The resolution requires a report on or before the 70th day of the resolution, but members who want a thorough probe to extend to company affairs say that the \$2,000 appropriated would be wasted money, and that a thorough probe cannot be made during the life of the present session.

Originally \$50,000 from the surplus funds of the state insurance department was voted for an investigation but it was later cut to \$2,000.

Increase Salary, Cut Out Fees

In lieu of having fees for handling liquidations being paid to the New Jersey insurance commissioner, a bill has been offered in that state to increase the salary of the commissioner to \$15,000 a year and to have the fees revert to the state. The present salary is \$6,000.

Rochester, N. Y.—Paid life sales for January amounted to \$4,501,560, a gain of 31 percent.



GAINS IN 1938

Increase in Insurance in Force: This important yardstick of growth increased \$13,939,000 to a new peak of \$658,569,000.

Record Premium Income: Renewal premiums of \$21,537,000 were the largest in the 88-year history of the Company and exceeded the total for 1937 by 7%.

Addition to Surplus: This cushion of safety for policyholders was increased by \$1,011,000, and the total now stands at \$7,337,000.

Growth in Assets: With a 6% increase in 1938, assets are now at the new high point of \$237,487,000.

Favorable Lapse Ratio: Again, the Phoenix Mutual had one of the best records in this respect of any company in the United States or Canada. Only 4.7% of the total insurance in force at the beginning of the year was terminated by lapse or surrender.

* * *

The full text of the President's report and the Company's latest Financial Statement will be sent upon request.

PHOENIX MUTUAL LIFE INSURANCE COMPANY
of Hartford, Connecticut

Highest N. Y. Court Hears Arguments in Metropolitan Case

Issue Is Over the CIO Industrial Agents Union Bargaining

ALBANY, N. Y.—The court of appeals, New York's highest tribunal, this week heard arguments in the litigation between the New York state labor relations board and the Metropolitan Life on the board's contention that the Metropolitan must bargain collectively with the CIO industrial agents' union in the five boroughs of New York City and the three adjoining counties. The Metropolitan contends that the labor relations board lacks jurisdiction. The labor relations board won the original

decision and also the appeal to the appellate division. It will be probably two or three weeks before the five-judge court of appeals will give its decision.

In cases like this, where the lower court decision has been upheld by a unanimous appellate division decision the court of appeals has a record of agreeing with the lower courts on about 80 or 90 percent of the cases coming before it.

Basis of Contest

The case was first argued before Judge Aron Steuer in supreme court last summer. The Metropolitan asked for a judicial review of the labor relations board's ruling on several grounds: that the labor relations law does not apply to industrial agents but only to mechanics, manual workers and laborers; that the bargaining unit selected by the board for the election won by the CIO, in this case New York City and its three adjoining counties, was arbitrary and unfair; that the legislature made an unconstitutional delegation of legislative powers in giving the board so much power; that the board's establishment by the legislature was a violation of the constitutional prohibition against having more than a specified number of governmental departments. There has been talk of taking the case to the United States Supreme Court on

the basis of the constitutional issues involved.

H. H. Jackson's Magnificent Paper Is Reprinted

The paper "Individual Reserves and Kindred Delusions" which was given by Henry H. Jackson at the December convention of the American Association of University Teachers of Insurance has been put out in a pamphlet. Mr. Jackson is actuary for National Life of Vermont.

The treatise annihilates the familiar cant of the twister, termite, and independent fee counselor. Mr. Jackson has a scholarly reach, but he brings to earth in powerful fashion sublimated conceptions of life insurance that, by comparison, expose the tawdriness of those (in Mr. Jackson's language) who assail the business on the ground that "when death claims are paid reserves are forfeited, when surrender values are paid heavy penalties are exacted against those surrendering, when policy loans are obtained the borrower is subjected to usurious interest charges and when gains from mortality according to a particular basis of measurement are recorded the mysterious powers in control of life insurance must be making unconscionable profits."

AHEAD OF 1937

New paid business through November 1938 exceeded that for the whole of 1937. This accomplishment is reflected directly in the incomes of the Minnesota Mutual field force.

WE OFFER:

1. A liberal agency contract.
2. A plan for financing your agency.
3. Accounting methods to guide you.
4. Proven plans for finding—training agents.
5. A liberal financing plan for your agents.
6. A unique supervisory system.
7. Organized Selling Plan.
8. Unusually effective selling equipment.
9. Policies for every purpose: Regular — Family — Juvenile—Women—Group—Payroll Savings, etc.
10. Low Monthly Premiums.

A \$220,000,000.00 Mutual Company, 58 years old with an understanding, cooperative Home Office.

THE MINNESOTA MUTUAL LIFE INSURANCE COMPANY
Saint Paul, Minnesota



LEGISLATION

Washington Legislature Passes Gross Premium Tax

Commissioner Sullivan's "Department Request" bill, which has been passed by the Washington legislature provides for a 2½ percent tax on gross life premiums less reinsurance received, and 2½ percent on gross fire and casualty premiums less return premiums and reinsurance received. It is not expected that the new act will materially increase premium tax receipts.

Iowa—A bill has been introduced to reduce the incontestable period to six months. The statutory period is now two years.

House bill 91 prohibiting life companies from expending more than 2 percent of their net income for salaries and expenses, has been given a public hearing and may be amended to apply to fraternal only.

Indiana—The Senate has passed a bill permitting Indiana insurance companies to invest in municipal revenue bonds and industrial debentures.

New Hampshire—The house has passed a bill requiring triennial examination of domestic insurers.

Ben F. Shapro, former San Francisco general agent for the Connecticut Mutual Life, has entered the brokerage business with Watkins, Shapro & Weingetz, San Francisco. Ernest Watkins of the firm was assistant general agent under Mr. Shapro.

President **R. J. Maclellan** of the Provident Life & Accident, and Mrs. Maclellan, sailed from New York for a winter's cruise around the South American continent.

NEWS OF WEEK

President **T. I. Parkinson**, Equitable Life, sharp in his comment on SEC probe. **Page 1**

Improved public relations work, better field representation, are highlights of discussions at **National Fraternal Congress** midwinter convention in Chicago. **Page 1**

Life men **relieved but puzzled** as federal inquiry adjourns. **Page 1**

The **Annual Message of Life Insurance** this year will undoubtedly be given in the autumn. **Page 3**

Speakers for mid-year meeting of the **American Life Convention's Financial Section** announced. **Page 4**

James W. Simpson of Montreal, superintendent at large of the Sun Life of Canada, is dead. **Page 4**

The New York court of appeals, the highest tribunal in that state, is hearing arguments in the litigation between the New York state labor relations board and the Metropolitan Life as to whether the company must bargain collectively with the **C. I. O.** union. **Page 6**

Decrease in **industrial premiums** in New York in January not due to SEC investigation. **Page 3**

Colorado supreme court hands down decision that **commission compensated life agents** are employees within the meaning of the state unemployment compensation fund and that a tax must be paid in their behalf. **Page 5**

John A. Lloyd, new insurance superintendent of Ohio, given notable recognition at a complimentary dinner. **Page 3**

Governor of Oklahoma removes two members of the **Oklahoma state insurance board**. Commissioner J. G. Read being the sole member surviving. **Page 5**

Control of **Missouri Insurance Company** of St. Louis is sold to new interests. **Page 5**

Home Office, Cincinnati

Oklahoma Governor Ousts Two Members

**Commissioner J. G. Read
Sole Survivor of the State
Insurance Board**

OKLAHOMA CITY—By executive order Governor Phillips left the Oklahoma State Insurance Board with Commissioner Jess G. Read as its sole member out of the usual three. R. M. Siegfried was removed as secretary and W. C. Theimer, fire marshal and third board member. The governor charged that Mr. Siegfried was working in the interest of insurance companies rather than that of the general public when he advocated an increase in rates for malpractice insurance policies offered to

doctors by the Houston Fire & Casualty. Mr. Theimer's dismissal was attributed by the chief executive to lack of cooperation with the administration program. Mr. Siegfried will leave immediately for Houston, where he will establish a Texas branch office for the R. H. Siegfried Company of Tulsa, with which he is connected. The company is owned and operated by his father, R. H. Siegfried.

Harr Takes Two States

Worley Harr, formerly manager of agencies Shenandoah Life, who from 1935 till recently has suffered from impaired health, is now able to resume full time work and has been made manager of agencies for Virginia and Tennessee. Since 1936 he has been in charge of the Roanoke agency, greatly enlarging and developing it. The Roanoke branch in 1938 paid for \$2,800,000.



WHAT WILL BE THE PICTURE?

If your prospect could visualize the future,
what would he desire to see?

Would it be a picture of a happy family—
his family—growing to maturity under the care
of a devoted mother, even if he failed to survive?

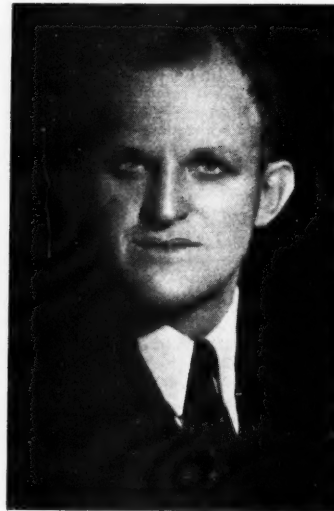
Or further along, if he lives, a picture of
independence in his later years.

*Tell him how he can provide
for future needs with life
insurance.*



The Prudential
Insurance Company of America
Home Office, NEWARK, N. J.

New Connecticut General Officials



B. M. ANDERSON, Counsel



A. L. JOYCE, Assistant Secretary

Now Comes Colo. High Court to Put Agents Under Job Act

DENVER—All life insurance companies operating in the state which pay contracted agents on a commission basis must contribute to the state's unemployment compensation fund, the Colorado Supreme Court has held. The opinion states that under the Colorado law, commission salesmen working under a contract have the same status as salaried employees in obtaining compensation.

The decision, which reversed one of District Judge Steele in the case of the Colorado Industrial Commission vs. the Northwestern Mutual Life, is the first one to be handed down by a state supreme court on the issue. In North Carolina and Connecticut supreme court decisions are expected momentarily. The Colorado decision is contrary to rulings of lower courts and administrative bodies in some 30 other states. The Colorado authorities have been insistent throughout that the tax be paid and they have taken a militant attitude.

The Colorado Association of Life Underwriters, Denver Association and the Life Agency Managers Association held general meetings to devise some means of overcoming the effect of the decision. The first efforts will be directed toward getting a law through the present legislature specifically exempting commission salesmen under the job insurance law. However, the deadline for introduction of titles is long since past, so the success of any action along this line will be dependent on finding an already placed title to cover the situation and getting it released for this purpose.

In the event that this plan fails, the only other possible solution would lie in carrying the case to the United States Supreme Court. While no official opinion has yet been given on the feasibility of this action, there seems to be some question as to whether such a case could be taken to that tribunal. In any event it would involve long delay in which compensation contributions would be piling up on all companies affected.

About 2,800 agents would be affected by the decision, it is estimated by B. E. Teets, executive director of the unemployment compensation fund of the industrial commission, who was a special assistant attorney general in presenting the case to the supreme court.

The high court decision includes part-time agents, even those who are regu-

larly employed in other pursuits. "No different situation is presented by part-time agents," the decision says. "The company limits and controls all commercial activities of its agents, including part-time agents, which indicates the scope of control in forbidding them to do any business other than certain designated ones, except with the written consent of the general agent, and their contracts may be terminated at any time without assigning any cause, on not less than 30 days written notice."

"The company argues that various state unemployment compensation acts were drawn to satisfy the federal government and to harmonize with the federal social security act. We cannot agree with the company that there is such a similarity between the state and the federal acts as to require us to make the latter authorities construing it a controlling factor in our decision."

Missouri Ins. Co. Goes to New Hands

ST. LOUIS—Control of the Missouri Insurance Company has been acquired by interests headed by H. G. Zelle, vice-president of Shaw & Francis, Inc., a real estate concern, and E. A. Schmid, executive vice-president Mutual Bank & Trust Co. They purchased approximately 55 percent of stock owned by the estate of T. O. West of Louisville, who until his death last November was vice-president of the company. The group also acquired other minority stock.

The deal is said to involve \$525,000. New officers elected are: J. C. West, nephew of T. O. West, president to succeed J. A. Walker, who resigned to devote his entire time to personal interests; Mr. Zelle, executive vice-president, and H. G. Alewel, secretary, a post he has held for 15 years. Directors in addition to the officers are O. J. Sullivan, president National Stock Yards National Bank; Charles A. Shaw, mayor of Clayton, and president of Shaw & Francis; E. H. Speckman, Louisville; James C. Jones, Sr., an attorney; Arthur Schmid, director Meyer Schmid, wholesale grocery company, and Lon O. Hocker, general counsel for 32 years.

Established in 1907 the company now has \$12,000,000 of insurance in force and \$1,015,879 of assets.

General Agent Carroll C. Day, of Oklahoma City, is at the home office of the Pacific Mutual Life, conferring with home office training school officials on the curriculum for a training course he plans to institute.

Four Zone Plan Is Suggested By Moor For Examinations

WASHINGTON.—Superintendent J. Balch Moor of the District of Columbia insurance department has completed his suggested division of the country into four zones for insurance examination purposes instead of six. He made this suggestion at the Des Moines convention but has only now finished dividing up the map into what he considers to be an equitable four-zone system.

While the zone system was repealed by the National Association of Insurance Commissioners last week, Mr. Moor is hopeful that his plan will be the basis of a compromise which will retain the advantages of a zone system and still meet the objections which Superintendent Pink of New York has to the zone plan as it existed up to last week.

The crux of the dissension was that the New York law requires New York companies to be examined by New York civil service examiners. Mr. Pink has felt that this bars him from letting examiners from other states participate to the extent of materially taking over any of the responsibilities which the law places on the New York department and its civil service examiners.

Mr. Pink has, however, stretched a point to the degree of inviting examiners from two other states to participate in examinations, but has felt that to have an examiner from each of the other five zones, as would be frequently the case under the six-zone system, would be definitely in conflict with the New York law.

Under Mr. Moor's four-zone plan there could never be at the most more than three outside state examiners working with the New York men in any examination. Thus, if Mr. Pink could

see his way clear to permitting three outside states to participate—one more than he has already consented to—the zone system could be restored.

Mr. Moor's zones are: Eastern: Maine, Vermont, New Hampshire, Massachusetts, New York, Connecticut, Rhode Island, Pennsylvania, Delaware, New Jersey; southern: Maryland, Louisiana, Arkansas, Florida, Alabama, Georgia, South Carolina, North Carolina, Virginia, District of Columbia, West Virginia, Kentucky, Tennessee, Maryland; north central: Wisconsin, Missouri, Illinois, Indiana, Ohio, Michigan; western: Minnesota, Iowa, Nebraska, Kansas, Oklahoma, Texas, and all states to the west of these. These four zones would have approximately equal populations, according to the 1930 census.

Parkinson Forceful in Comment

(CONTINUED FROM PAGE 1)

able to improve the alternative method of electing directors." He related that three years ago the New York department had hired Prof. E. W. Patterson of the Columbia Law School, "whom no one can call a conservative," to change the insurance code.

The result, Mr. Parkinson said, was that Patterson adopted the Hughes law of 1907 for selecting directors, except that annuitants as well as life policyholders were included, with a footnote setting forth that it "was the only sound manner of selecting directors for a mutual company."

Mr. Taggart, newly appointed Pennsylvania commissioner, in his talk declared that the manner in which the insurance business cleaned up any bad situations was a healthy condition.

Col. Taggart stated that he is not a czar but "merely inflicted on you by the

Inheritance Tax on Life Proceeds in Bay State Opposed

BOSTON.—Life men were out in force at a hearing before the taxation committee of the legislature to oppose a proposal of Tax Commissioner Long to subject life insurance proceeds to the inheritance tax.

Life insurance payable to a named beneficiary in Massachusetts is now tax exempt and the federal estate tax does not apply under \$40,000, but under the Long bill payments of as little as \$1,000 would be subject to inheritance tax, dependent on relationship of the beneficiary.

Monk Leads Opposition

Former Commissioner Wesley E. Monk, counsel for the Massachusetts Mutual Life, led the opposition. He declared the proposal a complete reversal of Massachusetts' policy of protection for life insurance beneficiaries. "An inheritance tax on life insurance proceeds would be a tax on the desire of men to provide for their widows and orphans in order that they may not become objects of charity," he concluded.

Counsel B. K. Elliott of the John Hancock Mutual Life declared the bill would put a higher total of taxation on life policies than is now paid by property and called attention to the fact that life insurance proceeds payable to an insured's estate are already subject to inheritance taxes.

The technical and ethical grounds against imposition of such a tax were brought out by M. G. Summers, Boston

laws of the state government. I won't hurt you but I will help you. Your problems are my problems. I am your friend and I want you to be my friend."

Abbey Agency Wins Aetna Life "Presidents'" Trophy

The Elmer Abbey general agency of the Aetna Life in San Antonio, Tex., for its outstanding 1938 record, was named winner of the national "president's trophy" award by S. T. Whatley, vice-president. Regional president's trophy awards went to general agencies at Portland, Me., Toledo, Minneapolis, and El Paso.

The annual awards are made to agencies showing greatest general improvement in increased business, development of full-time organization, conservation record, quality of production and improvement in other phases contributing to a progressive organization.

General agents winning the regional awards are Boyce Thomas, Portland, Me., eastern; C. E. Blosser and J. A. Hill, Toledo, central; F. E. McMahon, Minneapolis, western, and A. L. McKnight, El Paso, Pacific.

general agent New England Mutual, speaking for the Massachusetts Association of Life Underwriters.

Vice-President John Baker, Berkshire Life, and Counsel G. E. Hoague, New England Mutual, also opposed the bill.

Commissioner Long said he was agreeable to dropping the section making life companies liable for payment of the tax to avoid delay in payment of benefits to beneficiaries. The bill would then provide that the tax collector would look to the beneficiaries rather than the companies for payment.

Stratford Lee Morton, St. Louis general agent for the Connecticut Mutual, led his company in personal production for 1938. The great part was written during December, as his production that month exceeded that of the agent holding second place for the entire year.

AMICABLE LIFE INSURANCE COMPANY

WACO, TEXAS

Annual Statement

DECEMBER 31, 1938

ASSETS

Mortgage Loans	\$ 2,684,981.42
Real Estate	2,658,722.20
Cash in Banks	415,320.35
U. S. Government Bonds.....	517,098.44
State, County and Municipal Bonds.....	3,006,700.25
Stocks	11,300.00
Accrued Interest	134,897.96
Due from Reinsurance Companies.....	17,350.00
Policy Loans and Premium Notes Within Reserve	2,752,289.66
Net Uncollected and Deferred Premiums Within Reserve	410,263.40
Total Admitted Assets	\$12,608,923.68

LIABILITIES

Policyholders Reserve	\$10,952,318.32
Unearned Interest and Rents Paid in Advance	39,479.78
Claims not Completed or Reported.....	18,000.00
Reserve for Taxes.....	50,000.00
Special Contingency Reserve	35,000.00
All Other Liabilities	24,851.67
Capital Stock	\$820,000.00
Surplus	519,273.91
Contingency Reserve	150,000.00
Total Surplus for Additional Protection of Policyholders	1,489,273.91
Total Liabilities	\$12,608,923.68

COMPARATIVE GROWTH OF THE COMPANY

(Commenced Business April 2nd, 1910)

Year	Admitted Assets	Insurance in Force	Premium Income	Total Income	Year
1928	\$ 7,627,992.90	\$49,183,469.00	\$1,347,578.22	\$1,950,258.01	1928
1938	12,608,923.68	81,251,687.00	1,941,595.28	2,785,193.17	1938
Total Paid Policyholders and Beneficiaries Since Organization				\$13,351,886.00	

EDITORIAL COMMENT

Mutuality in Life Companies

HELL raising as business routine may be the ideal of a congressional committee, but it is not one that in the past has appealed to successful corporations. Successful managements are naturally continued in charge, and the fact that there is no contest at the annual elections in a corporation is a sign of confidence, not a sign of danger.

In the investigation of life insurance practices at WASHINGTON considerable news was made out of the fact that the elections in the big mutual life insurance companies have not been contested in 20 years. Chairman DOUGLAS of the SEC was quoted as saying that there is no such thing as competition in the elections, that as far as elections are concerned, mutuality is a "sheer myth."

The true view should be that the management of a life company should be continued as long as there is no sign of mismanagement. That is the course in all successful corporations, and there is no reason why it should be otherwise in life insurance. The election laws on mutual companies were carefully drafted in order to give the

policyholders power to turn the management out, if there was any occasion to do so. As a matter of fact, any scandal or any mismanagement in a big life insurance company would afford an opportunity for innumerable agitators to stir things up. There are plenty of agitators ready to do so. The fact that the elections are not contested is the greatest tribute possible to the character of the management that has conducted them in the last 20 years.

The idea of a political campaign for control of a big life company every two years is one to make policyholders shiver. Nothing could be more destructive of life insurance. The power of the policyholders to turn out the management should be rigorously preserved, but a destructive contest for control is no more desirable every two years in a life insurance company than in a bank or an industrial corporation.

Life insurance should make the country see that the lack of a contest is the greatest tribute to the efficiency and honesty of the management that can be presented.

The Problem of Bristol, Tenn. and Va.

BRISTOL, VA., and BRISTOL, TENN., constitute a recurring problem to insurance. Just now somebody is making a fuss because the cost of automobile insurance in BRISTOL, TENN., is higher than in BRISTOL, VA. Some time ago VIRGINIA and TENNESSEE had to pass some complicated laws, so that agents in BRISTOL, VA., could sell insurance in BRISTOL, TENN., and vice versa. The only real solution, as we see it, is to turn the entire city of BRISTOL over to TENNESSEE or to VIRGINIA. State lines

should not be permitted to run through city streets, any more than railroad trains should be permitted to run in our streets. States should always be separated by mountains or by rivers or by a good stretch of farm land where nobody much lives. We propose that at the next meeting of the PAMUNKEY INDIANS Commissioner BOWLES of Va. and Commissioner McCORMACK of Tenn. roll a game of horses to see whether it shall be BRISTOL, Tenn., or BRISTOL, Va. BRISTOL, Tenn. and Va., is intolerable.

How a Successful Agent Works

ONE of the largest writers of life insurance, HARRY T. WRIGHT of Chicago, who is a personal producer of the EQUITABLE LIFE of New York and is now secretary of the NATIONAL ASSOCIATION OF LIFE UNDERWRITERS and former president of the CHICAGO ASSOCIATION OF LIFE UNDERWRITERS, produces over \$1,000,000 a year. When one analyzes Mr. WRIGHT's methods he realizes that here is a man who disciplines himself and does not pursue a haphazard, slap dash course. He keeps

a record of all his calls. He knows what he is doing every day. Therefore, he is in a position to appraise his efforts and see whether he is arriving at a goal. He is, in other words, competing with himself. The main point is that here is a very successful life insurance writer in the millionaire class who finds it necessary to discipline himself rigidly to pursue a real objective, to have a daily program and to follow it conscientiously.

Hartford and Its Insurance College

HARTFORD is one of the great cities of the country in many ways. As we all

know, it is the seat of some of our greatest insurance companies. Insurance is one of

the very important activities of the city. Thousands of people are employed in insurance offices. In its beautiful setting and commanding environment HARTFORD is one of the charming cities of the United States.

We are all interested in its plan of establishing a school of insurance to be known as the HARTFORD COLLEGE OF INSURANCE. It will be a regular institution and both bachelor's and master's degrees

will be given. It is expected that it will be opened next fall, probably on a night school basis and at first restricted to insurance employees with college degrees. The matter was laid before the Connecticut legislature by DEAN BARRETT of the HARTFORD COLLEGE OF LAW. This college of insurance in the seat of the great insurance activity and with a background of excellent traditions should become an institution of real moment.

PERSONAL SIDE OF THE BUSINESS

L. W. Forbes, cashier of the Omaha office of the New York Life, marked his 30th anniversary with the company. He started as an office boy in the Sioux City, Ia., office and went to Omaha about 20 years ago.

The probability that Atlanta may be chosen as the scene of the American zone Davis tennis cup match between Australia and Mexico takes on an insurance-wise interest as the proposed selection of Atlanta has been laid before Director of Advertising Cody Laird of the Industrial Life & Health of Atlanta, who is secretary of the Southern Lawn Tennis Association.

C. F. Williams, president Western & Southern Life, Cincinnati, and Mrs. Williams recently sailed from New York on the Nieuw Amsterdam on an extensive South American cruise.

Earl W. Zinn, general agent for the Northwestern National Life at Seattle died Feb. 17 following a brief illness. He was 48 years old. Mr. Zinn, who was with the Equitable Life of New York in Illinois before going to Seattle in 1932 to join the Northwestern National, was president of the Seattle Life Underwriters Association in 1937. He was also legislative chairman for the Seattle Life Insurance Managers Association and held the post of national committeeman for the life underwriters association.

E. Glass, Hartford general agent United Life & Accident, is spending a few weeks in Miami, Florida.

James I. Reece, former Tennessee insurance commissioner, is in a Nashville hospital with a broken right leg and minor injuries due to an automobile accident. Mr. Reece recently completed a prison term for the alleged theft of \$100,000 in bonds from the insurance department.

Arthur B. Wood, president of the Sun Life of Canada, has been appointed joint president of the executive committee of the city of Montreal for the coming visit of King George.

A. J. McAndless, president of the Lincoln National Life, has been elected chairman of the Fort Wayne, Ind., chapter of the American Red Cross.

William L. Dugger, vice-president in charge of agencies, Great American Life of San Antonio, Tex., and Mrs. Dugger, have announced the engagement of their daughter, Miss Sarah L. Dugger to Rafael Joseffy of San Antonio.

President A. N. Kemp of the Pacific Mutual Life, Vice-President D. E. C. MacEwen and F. R. Kerman, in charge of public relations, will visit the Atlanta agency March 10. E. L. Jenks, Georgia

general agent, won the marathon contest for the south and east division and hence the visit of the home office officials is in recognition of his work. On that day the Atlanta Life Underwriters Association will hold a meeting and Mr. Kemp will be the speaker, his subject being "Trusteeship of the Life Insurance Underwriter." Oliver Nix, an agent in the Atlanta office, has already qualified for a trip to the New York City world's fair. He is past president of the Atlanta association.

DEATHS

Judge H. R. Prewitt, 70, insurance commissioner of Kentucky about 30 years ago, died at his home at Mt. Sterling. For years he was a political leader in the state.

Fred C. Foster, 58, general counsel of the Security Mutual Life of Nebraska died. Mr. Foster was a nephew of the late Elmer B. Stephenson, former president.

Mrs. Oscar Oertel, mother of E. P. Oertel, assistant vice-president Great Northern Life, Chicago, died in Wausau, Wis. Mrs. Oertel was in her late 60's.

F. P. Ebertz, former general agent National Life of Vermont at San Francisco, who retired several years ago because of health, died. Prior to joining the National Life he was a leading district manager of the Prudential for more than 20 years. He also served as president of the San Francisco Life Underwriters Association.

J. B. Thebaud, 64, general agent with the Massachusetts Mutual Life, died on the steamer "Normandie" from a heart attack while on his way home from a South American cruise. His paternal ancestors came from France and a great grandfather was governor of Martinique and a friend of Napoleon I. He was located at Buffalo.

Thomas J. McReynolds, 71, chief track inspector for the Florida racing commission, died in Miami. He was a vice-president of the old International Life of St. Louis before its demise.

Mrs. Lucy Morgan Brainerd, widow of Lyman B. Brainerd, former president of Hartford Steam Boiler, died at her home in West Hartford, Conn. Surviving are a son, two daughters and two brothers, one of whom, Morgan B. Brainerd, is president of the Aetna Life companies.

F. T. Nye, Shenandoah, Ia., life agent, died in a Omaha, Neb., hospital after a short illness.



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NEWS OF THE COMPANIES

Stearns Actuary for New England Mutual

Herbert B. Dow, after 46 years of service with New England Mutual, is being relieved of many responsibilities of his position and is designated as senior actuary. John L. Stearns, who has been associate actuary since 1936, is the new actuary. David Hall, who has been connected with the actuarial department for eight years, becomes assistant actuary.

George Hoague, associate counsel of New England Mutual since 1936, has been appointed counsel, serving jointly with Reginald Foster, vice-president and counsel.

Thomas F. Meagher, formerly coordinator, has been elected an assistant secretary.

Dominion Life's 50th Year Observed at Meeting

WATERLOO, ONT.—The annual meeting of the Dominion Life here marked the company's golden jubilee. The company's growth was told by President Ford S. Kumpf. The company grew from discussion of life insurance by a group of Waterloo business men who met in 1888 in a drug store. Thomas Hilliard assumed the task of organization.

Within 15 months the necessary \$250,000 was raised which permitted the promoters to secure a license and an act of incorporation from the Dominion government, and in 1889 business was begun. Total organization expenses amounted to less than \$1,500 due to a plan of wise economy that has since featured its operations.

Mr. Hilliard was appointed president

Emerson Made Assistant Director of Agencies



R. W. EMERSON

R. W. Emerson, supervisor of Northwestern Mutual Life at St. Louis, has been appointed assistant director of agencies at the home office in Milwaukee. He will succeed N. D. Phelps who became general agent for the company at Boston.

Mr. Emerson is a native of Kansas City, Kan. He made his first contract with the Northwestern Mutual as a part-time agent at the age of 19 while in his second year at college. Upon his graduation from the University of Kansas in 1929, he began full-time selling. In August the following year he became supervisor of the Kansas agency under C. H. Poindexter.

in 1905, when the company began to expand outside of Ontario. When he took office insurance in force amounted to \$5,600,000 and when he resigned in 1928 it was \$125,000,000. In 1938 the business in force went over \$178,000,000. During the 50 years the company has paid out \$40,800,000 to policyholders and beneficiaries.

John Hancock Appointments

The John Hancock Mutual Life has appointed H. A. Grout associate actuary and H. A. Garabedian assistant actuary. Both are Fellows of the Actuarial Society of America and have served the John Hancock for many years in its actuarial department. Mr. Grout, who is a graduate of Brown University with the degree M.A., has been with the company for 25 years and has been an assistant actuary since 1931. Mr. Garabedian who has been mathematician since 1931 began his service with the John Hancock 19 years ago. He is a graduate of Tufts College.

New Security Mutual Official

C. C. Van Patten has been elected treasurer of Security Mutual Life of Binghamton, N. Y. He joined the Security Mutual two years ago after being with the Endicott Trust Company, Endicott, N. Y.

President F. D. Russell reports business in force increased to \$91,403,000, surplus from \$446,000 to \$531,000, besides a contingency fund of \$100,000, and a new low for 1938 expected mortality of 47 percent. In spite of this difficult investment situation, the present book value of defaulted bonds is only 1.9 percent of the total bond account and .7 percent of the total invested assets.

Becomes Farm Bureau Life

The Cooperative Life, Columbus, O., has changed its name to Farm Bureau Life. The change was made, it is announced, to bring the name in line with that of the other Farm Bureau insurance affiliates, the Farm Bureau Mutual Auto and the Farm Bureau Mutual Fire. This is the fourth name the life company has had. It was known first as American Insurance Union, Inc., then the Life of America, Cooperative Life and now Farm Bureau Life.

Name McNamara Supervisor

Old Line Life of America has appointed F. G. McNamara field superintendent. He has been engaged in life insurance work for the last nine years and formerly was supervisor in Wisconsin for the Lincoln National.

Texas Prudential Promotions

The Texas Prudential of Galveston has named T. E. Flick, vice-president and secretary, Harris L. Kempner, vice-president, R. L. Wallace, treasurer and Fred R. Mann, assistant treasurer. A dividend of 8 percent was declared.

Northern of Seattle Promotions

S. J. Rice, formerly manager of the investment department of Northern Life of Seattle, has been elected a vice-president. Miles Johns of the investment department becomes an assistant vice-president and O. D. Sanford, former registrar, an assistant secretary.

Liberty National Capital Up

Liberty National Life of Birmingham has voted an increase in capital from \$209,145 to \$300,000 and declared a regular 10 percent dividend. Assets are \$4,750,758, an increase of \$645,171, and insurance in force \$73,632,572, an increase of \$6,487,893.

The National Tavern Keepers' Life, 1201 Williamson street, Madison, Wis., has been incorporated by H. S. Crouch, A. R. Crouch, and A. M. Hoiness. Madison Membership will be confined

to tavernkeepers. It will operate as a benefit society with benefits limited to \$300. Later it is planned to expand into a mutual.

United Services Life is Forming

United Services Life is being organized in the District of Columbia to write insurance on army officers. S. H. Emerson is president.

New Home Office Quarters

Great Lakes Life has acquired new quarters for its home office in Cleveland in the downtown section. It will be known as the Great Lakes Life building.

C. W. Gaylord, president Gaylord Container Corporation, and Wallace Renard, president Renard Linoleum & Rug Co., have been elected directors of Central States Life, St. Louis.

Proposals for removal of the home office of the Modern Life from St. Paul to Winona, Minn., are said to be under "serious consideration." They were presented at a banquet in Winona attended by a number of officials of the company.

The St. Louis Mutual Life elected Louis T. Meyer and Harvey P. Bayer, insurance broker, directors.

SALES MEETS

Winners Attend Guides Feast

Thirty-nine agents of the Connecticut General Life, winners in a six weeks' sales campaign in which about 160 percent of the campaign quota was reached, assembled in Hartford for a "Guides Feast." The sales effort took the form of a mountain climbing campaign, in which contestants qualified as third, second and first class guides, leaders in the latter group becoming delegates to the "Guides Feast."

President F. B. Wilde was master of ceremonies. Other speakers were Commissioner Blackall of Connecticut, and Actuary E. C. Henderson, sponsor of the winning team in the campaign.

Col. A. J. McNab, Jr., U. S. A. retired, gave an illustrated talk on his recent expedition to Africa.

Bankers Life Sales School

A school of instruction was held in Columbus, O., by the Bankers Life of Des Moines, with 125 salesmen representing 29 eastern agencies in attendance. From the home office were W. W. Jaeger vice-president; G. W. Fowler, vice-president and treasurer; E. Mc-

Retirement Income with Protection As-You-Go

THE STATE LIFE of Indiana offers a wide range of policies to provide retirement incomes. . . . Endowment policies maturing at various ages, in two to twenty years, and at five-year intervals afford individualized service. . . . Comprehensive Installment Options and suitable supplementary agreements enable the State Life Representative to serve the exact needs of his clients. . . . State Life issues up-to-date policies from ages one day to sixty-five years. Many of these policies can be merged finally into a Retirement Income plan. . . . State Life offers agency opportunities for those qualified.

THE STATE LIFE INSURANCE COMPANY

Indianapolis
Indiana

AN OLD-LINE MUTUAL COMPANY FOUNDED 1894

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Complete financial data, policy facts, rates and values in the 1939 Unique Manual-Digest. \$5. National Underwriter.

Conney, vice-president and actuary; B. N. Mills, secretary, and W. F. Winterble, director of agencies.

Sun Life Meeting

SEATTLE, WASH.—The Sun Life of Canada is holding its annual conference of western Washington agencies here under the supervision of Guy J. Gay, Seattle manager. Ray Finger, superintendent of agencies for western United States, will speak.

District Agents' School

The Equitable Life of Iowa held a district agents training school at its home office. Eleven agents received a week of intensive training in various phases of organization work under the direction of R. E. Fuller, superintendent of agencies, and E. E. Smith, agency secretary.

IN TABLOID

Central Iowa agents of General American Life will meet in Des Moines on Saturday with J. T. Lynn, agency vice-president. Alfred Lynner, general agent, reports January business increased 100 percent.

Agents of the Equitable Society from eight counties supervised by E. G. MacDonald, district manager attended a two-day meeting in Sheboygan Wis. E. L. Carson, Wisconsin manager, and Gene Ebersol, agency supervisor, conducted sales sessions.

F. G. Bray, Texas general agent New England Mutual, has his field force of 19 men at Houston for a two days conference. W. E. Hayes, agency director from the home office, presided. The Texas force wrote \$600,000 in January, the company's 10th month in the state.

South Texas agents of the Western Reserve Life of San Angelo attended a one day sales congress at Corpus Christi. Home office speakers included President A. F. Ashford; C. B. Callahan, agency director and G. W. Wilkinson, south Texas manager.

CHICAGO

FORMULATES NEW MEETING PLAN

A new policy for conducting meetings of the Insurance Club of Chicago has been formulated by R. E. Baker, Hartford Accident, president. The club has been divided into eight groups each of which will take charge of one of the meetings during the year electing their own chairmen of entertainment, speaking and membership. In this manner it is hoped that a spirit of competition will be engendered among the group and that not only better meetings but also a larger membership will result.

FULLER AGENCY BUSINESS GOOD

Business written for the first half of February by the W. S. Fuller ordinary agency of the Prudential in Chicago increased 44 percent. It has the unique position of having Major Fuller and his son, Brooks, and G. L. Schomburg and his son, Eugene, all working in the same agency.

RAPPAPORT IN KANKAKEE TALK

E. S. Rappaport, newly appointed Chicago general agent of the Pacific Mutual Life, was the speaker before the Kankakee County Life Underwriters Association at Kankakee last week, his subject being "Legal Reserve Life Insurance vs. All Others."

F. E. GOULD HANDLES NEW WORK

Much of the work formerly handled in the Edgar C. Fowler agency of New England Mutual in Chicago by Supervisor E. W. Gale has now been assumed by F. E. Gould. Mr. Gale has taken a position at the head office of Massachusetts Mutual Life. Mr. Gould has been with the Fowler agency 10 years. For the past three years he has been

office manager. Since last September he has been a supervisor.

NOTHHELPER IN CHARGE

John B. Nothhelper, who has been more than nine years with the State Mutual Life in Chicago, and nearly seven as agency supervisor, has been appointed head of the former Wiese agency in Chicago as acting general agent. General Agent Joe C. Caperton operates the other State Mutual agency in that city. Mr. Nothhelper, who has had all his life insurance experience in the same office of the State Mutual, beginning as agent in 1929, is qualified by experience both in selling and managerial duties. He is a graduate of Purdue, and a native of Chicago. In addition to his supervisory duties last year he earned a high position among State Mutual's 50 leading producers in the Pilgrim Club.

CHICAGO ACTUARIES MEET

The Chicago Actuarial Club this week heard W. W. Chambréau, consulting tax attorney of Washington, D. C., and J. A. Roberts, Continental Assurance, discuss taxes.

Mr. Chambréau discussed the federal income tax blank item by item, giving a resume of the most recent rulings in regard to federal taxes. Mr. Roberts outlined latest developments in premium taxation, bringing out that in Illinois companies are only required to publish in Springfield this year, Chicago being eliminated. R. E. Moyer, vice-president Continental Assurance, presided.

Declare 100% Extra Dividend

The Lutheran Mutual Life of Iowa has declared an extra policyholders dividend of 100 percent of the regular dividend for the year starting July 1.

The Beneficial Life of Salt Lake City will use the same rate of dividend in 1939 as last year.

COAST

Records of Quarter Million Dollar Producers Analyzed

Thirty-four San Francisco life agents have qualified for 1939 membership in the "quarter million dollar round table" according to L. M. White, chairman. The group produced a total volume of \$13,641,656 with paid premiums of \$446,427 on 2,447 lives.

The average round table member is 42 years old, has been in the business 12 years, with his present company 11 years, spent four years in high school and 3.2 years in college, paid for \$398,284 in 1938 on 72 lives with premiums amounting to \$13,130. Twenty-eight are married and have 1.2 children; carries \$35,000 of life insurance.

Prior to entering the business six of the members were college students; six were salesmen; five were engineers; two were accountants; two executives; two merchants.

Seattle Delegation to Stage Program in Spokane

A delegation of Seattle managers will go to Spokane March 6, to conduct a program for the managers association of that city. That delegation will consist of Paul Green, president Washington State Association of Life Underwriters; Austin Thayer, president Seattle C. L. U.; Robert Latta, president of the newly organized Cashiers Association, and Hugh S. Bell, president Seattle Managers & General Agents Association.

There will probably be a breakfast conference in Spokane for discussion of state association matters; a meeting of the Life Underwriters Association at noon to be addressed by Mr. Green and a dinner meeting of the Spokane managers' association. The Spokane man-

AMERICAN NATIONAL INSURANCE COMPANY

W. L. MOODY, JR.
President

W. L. MOODY, III
Executive Vice-President

GALVESTON, TEXAS

GROWTH OF COMPANY

THIRTY-FOURTH ANNUAL STATEMENT, DECEMBER 31, 1938

GROSS INCOME \$ 21,064,262.25

Increase over previous year, \$1,579,237.17

PREMIUM INCOME 17,463,665.02

Increase over previous year, \$1,189,784.20

ASSETS 74,672,002.62

Increase over previous year, \$7,251,122.00

INSURANCE IN FORCE 704,193,732.00

Increase over previous year, \$32,564,307.00

PAID TO POLICYHOLDERS
SINCE ORGANIZATION 90,703,492.44



Industrial and Ordinary

Operating from Coast to Coast, from the Great Lakes to the Gulf, in Cuba, Puerto Rico and Hawaii

Friendly • Progressive • Strong

LIFE AGENCY CHANGES

Wiese Taking Over Chicago for Northwestern National

Raymond J. Wiese, general agent of the State Mutual Life at Chicago, has resigned and has been appointed manager by the Northwestern National Life there as of March 1. He succeeds W. N. Stafford.

The Northwestern National has a setup in Chicago with a number of general agents whose activities are coordinated through a branch office manager. This is the position which Mr. Wiese assumes.

Mr. Wiese and his family are in Phoenix, Ariz., taking a short vacation before the change becomes effective. He has been State Mutual general agent in Chicago since March 1, 1929, formerly having been the company's general agent at Davenport, Ia., for some time.

Mr. Wiese built his State Mutual agency from scratch, developing a full time agency staff and producing a substantial volume of business.

Mr. Stafford has been manager at Chicago for a number of years. His future plans have not been announced.

and manager of the Cooperators' Underwriting Corporation, resigning that position in January to resume his connection with President O. J. Lacy and Vice-president R. P. Cox of California-Western States, which began 12 years ago when the latter were executives of Minnesota Mutual and Mr. Beaudin was Seattle general agent for that company.

Mutual Trust Names Bridges

The Mutual Trust Life has appointed W. T. Bridges general agent at Spokane. E. W. Freed, former general agent, will become a personal producer. Mr. Bridges, who has been in the life insurance business for more than 14 years, was until his new appointment, district agent for the Mutual Life of New York.

Creech with Occidental Life

KANSAS CITY—D. F. Creech, who has been in the accident and health field for 20 years, has gone with the Occidental Life of California here as accident and health manager for Missouri and Kansas. Mr. Creech who has been manager in Kansas City for the Inter-

state Business Men's Accident, has been with that company 13 years.

Brown Succeeds Jernigan

Replacing Paul Jernigan, who recently was transferred to the home office at Philadelphia, Harry B. Brown, until recently state manager of the Farmers & Bankers Life, is now assistant general agent of the Penn Mutual Life in Little Rock, Ark., in charge of organization work and personnel training. Allen Gates is general agent.

Knudsen Named by Old Line

Carl C. Knudsen has been appointed general agent for the Old Line Life with headquarters at Chicago. Previously branch manager for an eastern company, Mr. Knudsen has for the last ten years been connected with the Ohio National.

Travelers New Texas Setup

Tom Raines is manager of the life department in the new branch office opened by the Travelers at Houston, Tex.

Harlin Winn, formerly assistant manager at San Antonio, under the Dallas branch, has been made manager there and will have charge of all south Texas. The Dallas branch office, it is under-

agents are urged to invite their cashiers to that meeting to hear Mr. Latta tell about the Cashiers Association of Seattle which has 45 members and holds monthly meetings.

The Seattle delegation will put on a skit, pretending to be a group seeking to set up a new general agency in Spokane for a company, of which the audience constitutes the board of directors.

Mr. Green is general agent Aetna Life, Mr. Thayer is manager of the Prudential; Mr. Bell is general agent Equitable Life of Iowa, and Mr. Latta cashier for Lincoln National.

Bath Heads Cashiers Group

George M. Bath, Sun Life, was elected president of the Life Agency Cashier Association of San Francisco at the annual meeting held in Oakland with the cashiers of that city. Neil L. Ball, Manufacturers Life, was elected vice-president; Leo P. Dempsey, New York Life, secretary; and M. B. Curry, Mutual Benefit, treasurer.

MANAGERS

Kenagy Gives Sound Advice at Newark Gathering

NEWARK — General agents and managers should ascertain the minimum living needs of their agents, H. G. Kenagy, superintendent of agencies Mutual Benefit Life, commented in a talk on "Long and Short Range Planning From An Agency Standpoint" before the Life Insurance General Agents' & Managers' Association of Northern New Jersey at a dinner meeting. This he said is necessary so that the agent may have surplus income with which to purchase the insurance he needs.

He urged that each agency make its own plans and pay no attention to what other agencies are doing or plan to do. Each agency has its own limitations and needs.

He suggested that general agents make plans in terms of men and volume, the best operating conditions, future of the agency, and for new members to be added to the agency force. He warned that it is necessary to get men of quality who will be able to remain in the business and make a living.

Boston Group Extends Membership

BOSTON—The Boston Life Supervisors Club voted to extend membership to include associate general agents, assistant general agents, group managers and others with supervisory powers in agencies and to offer non-voting memberships to Boston general agents. J. H. Jamison, production manager Phelps agency Northwestern Mutual Life here, recently with the Sales Research Bureau, was guest speaker, talking on "Morale in Agency Management." The manager is the focal point of success, he said. It is not what he does but how he does it that makes the difference in agent reaction.

Discuss Aptitude Tests

The San Antonio, Tex., Life Managers Club discussed results obtained from the use of aptitude tests of vari-

Union Mutual Appoints Three

C. N. Honer and R. E. Higgins have been selected as managers of a new Union Mutual Life of Maine agency at Bangor. C. F. Grein has been appointed associate manager of the Buffalo, N. Y., agency.

Mr. Honer and Mr. Higgins are both graduates of the University of Maine. Mr. Honer joined the Union Mutual in 1934, immediately following graduation. Mr. Grein graduated from the insurance course at Carnegie Tech in 1921. He joined the Buffalo agency last March.

Beaudin Assists Terry in Seattle

O. J. Beaudin has been appointed field superintendent in Seattle for California-Western States Life. He will assist Manager E. J. Sperry in developing the territory.

For 10 years beginning in 1927, Mr. Beaudin was general agent in Seattle for Minnesota Mutual Life, and prior to that was associated with John Hancock Mutual. In 1936 Mr. Beaudin became president and manager of the Cooperators' Underwriting Corporation which organized and developed George Washington Mutual Life, and he disposed of his interest in that organization when their business was reinsured by California-Western States.

In 1936 Mr. Beaudin became president

of the type. It was suggested that San Antonio managers and general agents take under consideration the organization of a Leaders Club of the type now operating in Houston, to build prestige for the men, encourage better work on the part of agents, and fill the gap for speakers. President G. A. Helland presented a plan which would make each meeting a round table discussion of problems which confront the manager and general agent. Problems to be discussed include selection, recruiting, training and conserving man power.

SUPERVISOR WANTED

An old established eastern company will add to its home office staff a supervisor who can show the desired qualifications in background, training, success record, and personality. This is a salaried staff job, requiring considerable traveling. Among other qualifications, the man we want should be able to sell himself on paper, in a clear factual picture of who he is and what he has done. Correspondence confidential.

ADDRESS J-64, NATIONAL UNDERWRITER



Thanks for your congratulations on my completion of 34 years of continuous service as General Agent for the Columbian National. It is difficult to realize that I have been here for more than a third of a century . . .

A new generation has come on the scene, but none of the youngsters will get a greater thrill than I have had over the loyal cooperation of the Home Office officials, their friendship and their confidence.

Sincerely yours,
Alfred C. Newell
General Agent

From an actual letter written to the Home Office by
* General Agent Alfred C. Newell of Atlanta

This is one of a series of advertisements intended to show some of the reasons why its fieldmen like



THE COLUMBIAN NATIONAL
LIFE INSURANCE COMPANY

HOME OFFICE
BOSTON - MASSACHUSETTS

A NEW ENGLAND INSTITUTION

stood, will devote more time to organizing the Panhandle and west Texas. It is understood a district office will be established in the Panhandle shortly.

M. J. De Mucchio Made Supervisor

M. J. De Mucchio has been appointed supervisor of J. A. Ramsay Agency, Connecticut Mutual Life, Newark. He entered the life insurance business in 1936 with the Newark agency of the Penn Mutual Life, leading the company's field force for the first year. He was made a district supervisor in 1938 for the Ramsay agency.

Liggett Oklahoma Manager

D. G. Liggett, for years one of the leading producers of the Southland Life, recently called to the home office from Fort Worth, has been named Oklahoma manager, with headquarters in the Hightower building, Oklahoma City. He is assisted by George Harrison.

Name Hurst and Steinburg

The Lincoln National Life announces that Edgar S. Hurst, Jr., and Harry Steinburg have been named general agents in Dallas, succeeding Edgar S. Hurst & Son.

Cooley Returns to Boston

H. B. Cooley has resigned as Portland, Me., manager of the New England Mutual Life. He went to Portland a little over a year ago from the Moore & Summers agency in Boston.

Mr. Cooley has accepted an appointment as general agent for Equitable Life of Iowa for Boston, to succeed Leonard Modcai, who has resigned.

Guarantee Mutual Appointments

The Guarantee Mutual Life has appointed J. M. Lane of Tulsa general agent for six northeast Oklahoma counties. He has been in life insurance sales work for eight years, representing

the Equitable Society and the Prudential. His office is in the Hunt building.

E. W. Moody of Bakersfield, Cal., has been named general agent for Kern and Tulare counties. He was with the Metropolitan and New York Life in Bakersfield.

Kaul Takes Omaha Post

The Connecticut Mutual Life has appointed Paul C. Kaul general agent in Omaha. He succeeds Hugh C. Wallace, who becomes associate general agent.

Mr. Kaul has been supervisor at Topeka, Kans., since 1933. He is immediate past president of the Topeka Life Underwriters Association.

Ohio State Names Two

The Ohio State Life has appointed Louis E. Meuret as a general agent at Rockford, Ill., and G. B. Kiser as a general agent at Olive Hill, Ky.

Joseph Hinkes, Sheboygan, Wis., Bankers Life of Iowa, has been appointed in charge of three Wisconsin counties with headquarters at Kenosha. The Sheboygan Association of Life Underwriters gave a farewell luncheon in his honor.

Perry, Rosamond & Co. of Birmingham have been appointed general agents of the Liberty National Life.

Robert E. Florian has been appointed assistant general agent at Toledo office by the Penn Mutual Life. Charles E. Spencer is general agent. Mr. Florian joined the company in April, 1935, and is one of the Ohio sales leaders.

ASSOCIATIONS

Socialistic Institution in Capitalistic Society

"Life insurance is a truly socialistic institution in a capitalistic society, but it is only possible in such a society, under personal initiative," Holgar J. Johnson, president of the National Association of Life Underwriters, told a public meeting in West Palm Beach, Fla., under the auspices of the Palm Beach County Life Underwriters Association.

Explaining that life insurance reached all the people and was under the control of all the people, Mr. Johnson said: "The institution is not for the rich alone—it does not pretend to be a rich man's medium. The average policy size today is just over \$1,700, proving that its benefits reach every class, and that there is still a wide and vital need for growth if America's life values are to be fully protected."

Program Announced for the Cincinnati Congress

CINCINNATI.—G. J. Woodward, Equitable Society, president of the Cincinnati Life Underwriters Association, has announced the program for the annual tri-state sales congress, which it sponsors, for March 9 at Hotel Gibson. Theme is "Life Insurance in Action." Starting at 9:15, the talks will be as follows: Targets, "Objectives," Tracy Evans, Massachusetts Mutual; ammunition, "Preparing the Presentation," M. J. Koch, Northwestern Mutual; firing at will, "The Presentation," C. A. Romer, Union Central; reconnoitering, "Prospecting," M. J. Hamilton, Mutual Benefit. The speakers are all leading agents of local offices, their talks being full of meat and comparatively brief. Following the shorter talks, Hugh White, general agent Connecticut Mutual, Detroit, will speak on "Life Insurance Is Complete Security." Special features have been planned for the luncheon. A. L. McCarthy, vice-president in charge of sales, Eureka Vacuum Cleaner Com-

pany, Detroit, opens the afternoon session "strategy" with "Important Phases of Specialized Selling," followed by the closing speaker, V. S. Welch, vice-president Equitable Society, Chicago, who will give the "marching orders" in "Our Opportunities and Responsibilities in This Business of Ours." J. C. Sebastian, Union Central, is program chairman.

Seek National Association Meet for Atlantic City

NEWARK.—The three life underwriter associations in New Jersey, backed by the New Jersey state association and with the approval of many associations in New York State, are endeavoring to bring the 1940 meeting of the National Association of Life Underwriters to Atlantic City. The New York World's Fair will still be in progress and plenty of opportunity will be given to those attending to go to the fair. It has also been pointed out that more than 12,000 members of the association, about half its membership, reside within 300 miles of Atlantic City.

H. C. Lawrence, general agent Lincoln National Life and president of the New Jersey state association, and J. B. MacWhinney, president Northern New Jersey Association, plan to attend the mid-year meeting in Louisville to present the invitation to hold the convention in their state.

Chicago.—The annual joint meeting with the Chicago chapter of C. L. U. will be held Feb. 28 at a luncheon. Paul W. Cook, general agent Mutual Benefit, and president C. L. U. chapter, will preside. W. N. Hiller, Stumes & Loeb agency Penn Mutual, will conduct an "Information Please" forum, and Earl M. Schwemm, general agent Great-West Life, will talk on "What's In a Policy?"

P. B. Hobbs, Equitable Society, president Chicago Life Insurance & Trust Council, will appoint a nominating committee at a meeting March 3. Harold Eckhart, trust officer Harris Trust & Savings Bank, is vice-president; A. S. Ingersoll, Mutual Benefit, secretary, and Samuel Marsh, First National Bank & Trust Company, treasurer.

"Where Do We Go from Here?"

(CONTINUED FROM PAGE 1)

for competitive purposes, particularly whether extra dividends are not so arranged as to give a favorable net cost showing for durations commonly used in illustrations. It suspects that the present method of compensating agents leads to high lapse rates and an unduly high turnover among agents. The SEC people feel that if nothing else is accomplished a volume of valuable information will be amassed which will enable companies to get a better perspective on their problems than is possible with information now available.

What is in the back of every insurance man's mind, of course, is how urgently the SEC is going to press for legislation giving it control over life company management. So far the SEC has not intimated what, if any, legislation it will seek. At the present rate it will take the SEC two or three years to complete its study of insurance. It is quite possible that by the time it gets ready to propose its legislation it will be dealing with a Congress even more hostile to New Deal theories than the present one.

However, fears that material will be exposed which by itself or by inferences would make lurid headlines do not seem justified on the basis of this first phase of the SEC's investigation. The SEC sleuths have already dug up material which would make some pretty sizzling headlines if that were the aim of the commission and the monopoly committee. Chairman Douglas and his staff realize that these are isolated instances which have no significance in the general pattern. The committee, particularly the congressional members, are

against turning what may be an important job of economic research into a muck-raking expedition to discredit business.

There are, of course, exceptions to this rule of concentrating only on what is significant. For example, since the SEC faced no trouble whatever in proving that policyholders of mutual companies show little interest in voting for directors as long as everything goes all right, it is difficult to see why it was necessary, in support of this point, to call certain agents to testify to having "forged" policyholders' names to ballots because of the difficulty of getting the policyholders themselves to sign. The number of ballots usually cast in the elections in question was so small a percentage of those eligible to vote—as in practically every mutual company—that proof that some of the ballots were spurious was entirely pointless.

Delicate Economic Situation

One important angle which the SEC probably has in mind in addition to considerations of common fairness is that serious impairment of public confidence in life insurance could bring on a financial panic of mammoth proportions. If an investigation were so to distort facts as to scare policyholders generally into demanding their surrender values or maximum loans the dumping of government bonds would ruin banks wholesale through the resulting decline in the value of these and other securities. In fact, it is said that one of the reasons behind the SEC's interest in the important role of life companies in the investment market is their key position in the government market and the administration's fear of what might happen if the companies were forced to unload government bonds in a hurry.

Though not in this connection, Vice-chairman Sumners, at one point in the hearing, remarked on the delicacy of the current economic situation and said all the members of the committee were aware of it. It was apparent that he

Democrats and Republicans . . . They All Vote

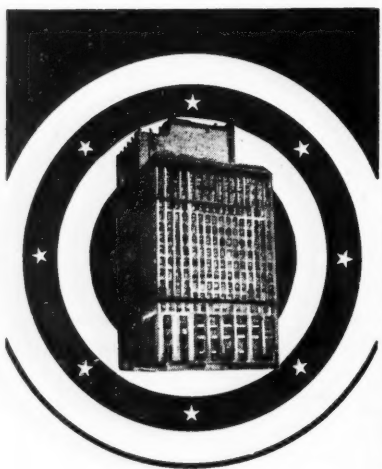


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**General Agency
OPPORTUNITIES
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**Central Life
INSURANCE COMPANY
of Illinois**

ALFRED MacARTHUR, PRESIDENT
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and other members were at all times trying to keep from rocking the boat. Looking back over the two weeks of hearings, there seems to be reason to believe that public confidence in life insurance was not shaken to any important extent and that on the whole the material brought out served to boost the cause of life insurance rather than retard it. Company officials were allowed to get in some excellent plugs for the business and Senator King rarely missed a chance to say a good word.

Among those policyholders who are accustomed to snort whenever the New Deal is mentioned, the reaction to the life insurance phase of the investigation is that it was much ado about nothing. They are pleased at the institution's having withstood so effortlessly the not overly friendly scrutiny of an agency of an administration opposed to bigness in business. Policyholders who favor the Roosevelt administration can find equal cause for feeling gratified, for they see proof that the government is able to give the institution in which they are investing a clean bill of health or at worst have found nothing important to hang on it after all the research that has been done.

Probe Interlocking Directorates

Much of the second week of hearings was on the interlocking of life company directorates with those of other large corporations. The SEC's aim was, first, to determine whether the cooperation thus made possible among already large aggregations of assets might exert undue influence on free competition; and second, to see whether these combinations were resulting in purveyors of goods or services bought by life companies getting preferred treatment, perhaps to policyholders' detriment, by reason of being represented on the insurer's board of directors.

Beyond reading of a list of the intercorporate relationships of some of the big life companies, the question of gang-ing up to minimize competition was tossed in the air for consideration but nobody had much to say one way or the other about it. Thurman W. Arnold, assistant attorney-general, who has the job of prosecuting anti-trust law violations, mentioned the potentialities of such combinations but made it clear that he saw nothing in the evidence to indicate any monopolistic tendency.

Preferred Treatment Eyed

More attention was given to the possibility that firms whose directors were on life companies' boards of directors might be getting preferred seats on the gravy train when it came to handing out contracts for goods and services. Examiner Gesell wanted to know why certain banks, law firms, fire and casualty companies, oil companies and the like were patronized and whether it was mere coincidence that men in these firms were also life company directors.

Letters were introduced to show that directors whose firms had something to sell to the life companies did not hesitate, in some cases, to influence business in the direction of their own concerns, though all in a perfectly ethical and above-board manner. While it was evident that some life companies lean over backward farther than others to forestall the slightest possibility of a conflict between the interest of a man as life company director and as an official of his own concern, all the witnesses questioned, whether officers of life companies or directors, were equally emphatic that the men charged with guiding the life companies are of such character and integrity that they can be fully relied on not to take selfish advantage of their position to the detriment of policyholders.

Witnesses brought out that it is far more to the policyholders' interest than to their possible detriment to have men skilled in their own fields and able to give valuable advice on points where their experience gave them special insight. Also, it was evidently clear to the committee that the witnesses were men of great integrity and ability, entirely sincere in their attitude of trusteeship,

men who would obviously not tolerate any touch of venality on the part of directors.

The unreasonableness of the SEC's apparent attitude that directors should be completely divorced from any possible business connection with the life companies on whose boards they sit was made clear by Chairman T. A. Buckner of the New York Life, who pointed out that his company, if the rule were applied literally, could not send a Western Union telegram, since the New York Life has an official of that company on its directorate. He said that it would be unreasonable for a life company to deny itself the services of a man as a director just because the company happened to be making purchases from his firm or to give up all dealings with a man's firm when taking him on the board of directors. He cited a case where a director would have refused election if it had meant loss of the New York Life's business to his concern.

Faithful to Trust

Although Thurman Arnold emphasized the point that the possibility of conflict of interest is always present and might become an actuality in time of crisis, the general impression was that directors and officers have been faithful to their trust. Just as the King of England has the right to sell the British navy, life company directors are in a position to act against the interests of their policyholders but the evidence at the hearing all indicated that policyholders have no more cause than have British subjects that those they trust are going to sell them out.

That SEC can find a life company with whose methods it finds little or no fault is encouraging evidence that it doesn't feel the whole institution of life insurance.

(CONTINUED ON LAST PAGE)

J. A. Lloyd Honored by Testimonial Fete

(CONTINUED FROM PAGE 3)

present. The Capital University Chorus appeared as a special tribute to Mr. Lloyd. The dinner was sponsored by the Ohio Association of Insurance Agents. L. C. Jones of Youngstown, president, presided. Miss Robley Willis, who has taken over the secretarial duties, and C. B. Plummer, the new field secretary, were introduced. Hilburn Lloyd, a brother of Superintendent Lloyd, associated with the organization, was also present.

Gingher Was Toastmaster

Paul R. Gingher, general counsel for the association, who served with Mr. Lloyd in the Ohio senate, acted as toastmaster. Former Ohio association presidents who spoke were Hugh L. Meek of Columbus, H. S. Martin of Toledo, Austin McElroy of Columbus and F. P. O'Connor of Lima, who closed by presenting Mr. Lloyd with a handsome gold wrist watch, a gift of the past presidents.

Mr. Lloyd was introduced, spoke with feeling and was received with great enthusiasm. Before the meeting closed Governor Bricker appeared and paid a notable tribute to Mr. Lloyd whom he has known for many years. The governor lauded the insurance men and extolled insurance as an enterprise.

Honor Paid Mrs. Lloyd

The testimonial dinner to Superintendent Lloyd happened to fall on Mrs. Lloyd's birthday anniversary. A special musical number was rendered for her and the audience joined in congratulations and good wishes. Mr. Lloyd's father and mother and his two children were also introduced.

Mr. Lloyd, in his address, said that "this is no time for feuds in the insurance world; no time to rock the boat. The air is filled with talk of federal supervision. No one can tell how real these threats may be. None of us wants

federal supervision." Taken all in all, Mr. Lloyd stated, no business can stand close scrutiny better than insurance. It has met its obligations, fulfilled its contracts and in later years has withstood the ravages of depression better than any other activity. He opined that there is no danger in size alone if strength is commensurate with size. The insurance industry, he said, has grown big in order to carry the weight of the American business and social structure, which has been built bigger than ever in history. This enterprise, he declared, must be kept free to serve free institutions and free men. It must not be shackled by bureaucracy at home or in Washington, he declared.

Proud of Ohio Insurance

In Ohio the people are proud of Ohio insurance companies, he asserted. They may not be the largest but their record of management is conservative and their record of meeting their obligations is remarkable. People are proud of Ohio agents. They have gone about the business of putting their house in order and that work progresses surely even at times more slowly than they would like, he added.

Mr. Lloyd said that he had a new employer now, the policyholders or the public. He added, "the principles of high ethics in which you believe are mine. They are the department's. The rebater, the twister, the corner cutter have no place in this industry." While the insurance code in Ohio, he said, is not perfect, it ranks high among those of other states. All in the insurance department, he declared, are pledged for absolute fair, impartial and vigorous enforcement of the insurance laws.

Some Executives Present

Some of the life executives present were John H. Evans and Robert Sturtevant, vice-presidents Ohio National Life; Claris Adams, president Ohio State Life; G. W. Steinman, president Midland Mutual Life; C. V. Anderson of Cincinnati, former president National Association of Life Underwriters; Webb Vorys of Columbus, Ohio general counsel of the Life Presidents Association.

Some of the men in public office present were Chairman O. W. Whitney, senate insurance committee; Executive Secretary Homer Trantham, Ohio Insurance Federation; Speaker W. H. McCulloch of the Ohio House; J. R. Crabbe, deputy superintendent of insurance; Ray Bates, chief examiner; Raymond Rhoades, assistant superintendent; L. U. Jeffries, Warden; W. A. Robinson, actuary; Virgil Martin, chief of the bureau of licensing and examination of agents, Ohio department.

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Offering Unusual Agency Opportunities

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WM. J. ALEXANDER, President
An Old Line Legal Reserve Company—Established 1895
40 Years of Continuous Faithful Service
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Writing Complete Line of Modern Policies with
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We are proud of our THIRTY YEAR record of dependable service to our policyholders. During this time the country passed through the GREATEST WAR in history—the GREATEST EPIDEMIC and the GREATEST DEPRESSION. It has never been necessary to borrow money from the government or any other source to meet our obligations.

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VIEWED FROM NEW YORK

By R. B. MITCHELL

PARKINSON HEADS '39 DRIVE

Thomas I. Parkinson, president of Equitable Society, has accepted appointment as general campaign chairman of the Greater New York Fund for 1939.

NEW YORK CLUB PLANS

Plans of the New York City Accident & Health Club for National Accident & Health Week, April 24-29, include a general sales meeting during the week immediately before the national week; a sales breakfast as in the past; displaying of the Accident & Health Week banner in the insurance district; sponsoring of a general advertising campaign; inception of a new activity, the Greater New York Accident & Health Production month which will cover the entire month of May. As in the past a producers' banquet will be held to honor the top producers of accident and health week. R. W. Pope, Employers Liability, is in charge.

WEEKS BANQUET SPEAKER

Harvey Weeks, assistant vice-president of the Central Hanover Bank & Trust Co. of New York City, who was former Buffalo general agent of the Provident Mutual, president of the Buffalo Life Underwriters Association and a member of the National executive committee, will speak at the annual banquet of the New York City Life Underwriters Association March 9.

KNIGHT AGENCY JUBILEE

On March 6 the C. B. Knight agency of the Union Central will observe its 25th anniversary with an all day sales congress sponsored. Outside speakers include Dr. S. S. Huebner, "Professional Trends in Life Underwriting"; A. C. Busse, New York University, and T. H. Beck, president Crowell Publishing Company. Talks will be made by the following home office men: Jerome Clark and J. G. Quirk, vice-presidents; Dr. William Muhlborg, vice-president and medical director, and W. F. Hanselman, superintendent of agents. President W. H. Cox will preside at a dinner for about 450 guests.

SAVINGS BANK INSURANCE

Savings bank life insurance fails in practice to jibe with its professed aims and it is up to life insurance men to keep the public from swallowing its numerous inconsistencies. S. N. Schwartz, vice-president General Brokers Association, New York City, told the Midtown Life Managers Association. He contrasted the ballyhoo about "over the counter" insurance, and its insinuation that agents' services are worthless, with the practice of bank insurance in Massachusetts of supplementing its issuing and agency banks so that actually it has close to 500 sales outlets working for it. This, he said, explodes the notion that people will buy insurance without solicitation.

WESTCHESTER COUNTY MEET

The Westchester County Life Underwriters Association will hold an all day congress at the Hotel Gramatan, Brownsville, N. Y., March 16. D. B. Madero, counsel New York Life Underwriters Association, and an authority on tax and estate problems, will be a featured speaker. Judge W. F. Bleakley, county executive of Westchester county and two years ago Republican candidate for governor, will speak at the luncheon. Kris Kristensen, Equitable Society, Yonkers, is president. Charles Jones, Travelers, Yonkers, is program chairman.

MANUEL CAMPS RECORD

The Manuel L. Camps, Jr., general agency of the John Hancock in New York City, which opened its offices June 15, 1938, has attained in eight months the quota set for it by the home office to be made in 12 months. This

record was made by 12 men none of whom have ever been in the life insurance business before becoming associated with Mr. Camps.

HAD BIG MONTH

January was the biggest month in the history of the Dunsmore agency of the Equitable Society in New York City, new business amounting to \$1,300,000. Personal production of Manager W. J. Dunsmore accounted for \$640,000 of this. The A. V. Ott agency of the Equitable Society increased its January business by 71 percent over January, 1938.

N. Y. SALES UP

January sales of ordinary insurance in New York City for January, as estimated by the Life Insurance Research Bureau released through the New York City Life Underwriters Association, amounted to \$64,744,000 as compared with \$45,959,000 for January, 1938.

PINK SPEAKS TO KIWANIS

Because of the "unavoidable clumsiness" of industrial insurance, Superintendent Pink of New York told the Brooklyn Kiwanis Club, he feels certain that "if prosperity does return, general life insurance may be expanded to take care of those now covered by industrial." Defending the honesty and intelligence of industrial companies' managements, he refuted racket or swindle accusations, terming the problem not one of dishonesty but of "awkwardness of administration." But he observed that under present insecure conditions industrial is the only kind poor people can buy. Praising savings bank insurance, Mr. Pink conceded that it is not the complete answer for the low-wage earner.

NEW YORK CITY MEETING

The New York City C. L. U. chapter, following its luncheon meeting Feb. 28 will discuss in executive session the section of the proposed insurance law revision providing for qualifying examinations for life agents. The guest speaker will be Joseph Trachtman, New York lawyer, who will talk on "Some Things Life Underwriters Ought to Know About Wills."

In cooperation with the chapter, Fordham University will conduct a C. L. U. review course covering parts I and II beginning March 15. Classes will be held Wednesday from 4 to 6 p. m. in the Woolworth building. Instructors will be J. Fred Speer, Equitable Society; and A. J. Johannsen, general agent Northwestern Mutual, Brooklyn.

Harry Yaw's Promotion

Harry Yaw, who has been agency assistant in the home office of the Occidental Life of Los Angeles, has been appointed assistant to Vice-president V. H. Jenkins, in charge of production, and will work under Mr. Jenkins direct supervision. He is a native of Olean, N. Y., and went to Los Angeles in 1925 with the Prudential.

Ragsdale Goes to Louisville

G. Y. Ragsdale, former Raleigh manager, has been appointed manager at Louisville by the Union Central Life. He is a native of North Carolina and joined the New England Mutual following his graduation from the University of North Carolina in 1924. He was later appointed supervisor and in 1932 he was named manager at Raleigh by the Union Central.

Hodney Gets Northeastern Illinois

Appointment of C. M. Hodney as general agent in northeastern Illinois, is announced by Northwestern National Life. His agency will operate in several counties south and west of Chicago, with headquarters in Morris, Ill.

FRATERNALS

Modern Woodmen Increases Assets During Year

Assets of Modern Woodmen at the end of 1931 were \$78,654,890, O. E. Ale-shire, president, reports. Cash was \$3,478,039, or 4.39 percent; bonds \$56,639,264, or 71.45 percent; preferred stocks \$1,761,798, or 2.22 percent; mortgage loans \$7,902,797, or 9.97 percent; interest and rents due and accrued \$848,158, or 1.07 percent; certificate loans \$2,264,911, or 2.86 percent; real estate \$5,756,531, or 7.25 percent; other assets \$621,365, or 0.78 percent.

The real estate consisted of book value of the head office and publication buildings in Rock Island, which are unencumbered; the sanatorium in Colorado and improved farms, equipment and business buildings used for rental income purposes.

Death claims totaled \$1,131,889; other liabilities \$1,945,878. Reserves totaled \$73,251,154 on contracts and \$3,434,752 for special contingency purposes relating to mortality and investment fluctuations and also general fund. Unassigned funds were \$23,106.

The Modern Woodmen since organization has paid \$598,876,866 in benefits on 343,236 death claims and 86,993 cash claims. The assets have grown almost \$48,000,000 since 1930, and rose \$6,437,299 in 1938.

Veteran of W. O. W. Dies

John T. Yates, one of the original founders of Woodmen of the World of Omaha, and the last of that group to survive, died at his home in Omaha at the age of 83. He had been ill for several years. He served as national secretary for 46 years, retiring in 1937. Since then he has been secretary-emeritus and adviser to the finance committee.

E. W. Brailey, New England Mutual, has been elected president of the Life Underwriters-Trust Officers Club of Cleveland. A. F. Young, National City Bank, is vice-chairman and Harry Jackson, State Mutual, secretary.

SOME

PERTINENT

FACTS ABOUT

Supreme Forest

WOODMEN CIRCLE

• Total Membership.....132,982

Total Protection..\$107,701,046.00

Written in 1938..11,629,606.00

Benefits Paid in
1938.....1,893,522.35

Benefits Paid since
Organization in
1895.....40,445,656.11

Dora Alexander Talley, President

Mamie E. Long, Secretary
Home Office, Omaha, Neb.

THE WOMEN'S BENEFIT ASSOCIATION

Founded 1892

A Legal Reserve Fraternal Benefit Society
Bina West Miller
Supreme President
Francis D. Partridge
Supreme Secretary
Port Huron, Michigan

National Fraternal Week Is Set May 8-14

May 8-14 has been designated as Fraternal Week by resolution of the National Fraternal Congress executive committee. Officials of all fraternal and state congresses are urged to join in the effort.

Presidents of state congresses were appointed by President C. L. Biggs of the N. F. C. as heads of special committees to make arrangements in their states for the celebration, and were asked to name leading fraternalists on their committees, and to select a convenient day to be dedicated in their states to fraternal ideals. They also were asked to suggest to their governors that they issue proclamations.

The National Fraternal Congress will hold its annual convention at Detroit Aug. 14-18, and a "National Fraternal Week" is planned there.

Fraternalists Push Recruiting, Training

(CONTINUED FROM PAGE 4)

tion. But the fraternalists he said, should have a setup under which the average man could succeed. He suggested use of aptitude tests in selecting men, plus inspections, and final judgment of state managers. Good home office training courses for salesmen would work wonders, he said.

Having selected and trained the men, Mr. Smith concluded, they should be sent out with experienced salesmen, they should be provided prospects so they will have definite calls, and when they have written a definite amount of business, they should be offered a trip to the home office, which will give them confidence and a sense of prestige.

Five societies are represented by the total enrollment of 71 students in the supervised study plan of the association, Mr. Johnson reported. He said 11 students have completed the course and graduated, and 67 have received "advanced field workers" certificates. He pointed out that it is estimated there are 30,000 full time and spare time fraternal field workers in the U. S. and Canada, so the educational movement barely has been started.

Since the Toronto annual N.F.C. meeting last August, 43 applicants for the F.I.C. degree have been certified, there being 21 who have qualified for the degree, seven failed and 15 examinations pending. The 21 represent a total annual production of over \$4,500,000, he said. The three leading producers who qualified had annual production records of \$969,500, \$701,500 and \$355,750. One society has 15 qualified workers; another has three.

National Officers Speak

C. L. Biggs, recorder Maccabees, Detroit, N.F.C. president, extended greetings, saying this movement toward a better quality of better trained field workers will have a powerful effect in future development of fraternal life insurance. The future of the system, he said, rests entirely with the field force and its methods of doing business.

Miss Frances D. Partridge, N.F.C. vice-president, and secretary Woman's Benefit, emphasized the need for methods that make for permanency of the protection and the membership.

There was some discussion of the recruiting problem. It appears a number of societies have various plans for financing field workers, either by small salaries or advances on business done. One difficulty is travel expense in sparse territory. Some societies have a travel expense factor. One society provides \$5 per month per \$100,000 of insurance in

force to the district manager and also gives him over-writing on all new business he produces.

Men Being Recruited Away

Commercial companies, however, have made much better provision for meeting the agent's early financial problems than have most societies, especially through renewal commissions which few societies allow. Thus the commercial companies are securing some of the best fraternal field workers.

Mrs. Dora Alexander Talley, past N.F.C. president and head of the Woodmen Circle, Omaha, said it may become necessary to have one type of person to handle lodge activities and another for the selling process.

Mr. Smith said fraternalists should be able to work out a practical plan of paying renewals for permanent salesmen. They should try to get the business for not more than 100 percent of the first premium, then pay renewals in addition, he said. Fraternalists do not have

the funds allocated for greater acquisition expense, as have many commercial companies, he said.

Bradley C. Marks, head of the A.O.U.W. of North Dakota, and W. E. Wright, assistant superintendent of extension, reproduced the radio broadcast of the A.O.U.W. which went out over 20 stations in October on the 70th anniversary of the A.O.U.W. This was institutional publicity, and created great interest among the fraternalists, many of whom have attempted radio advertising or contemplate it. F. W. Heckenkamp, Western Catholic Union, Quincy, Ill., told results of his order's use of the radio for the last three years. The cumulative effect has been very beneficial, he said. J. G. Grundle, secretary Catholic Family Protective, Milwaukee, announced the Milwaukee Fraternal Underwriters Association is planning a series of 15 broadcasts, with a number of societies cooperating. A similar plan was tried in Florida with success.

T. D. Eilers, field director Brother-

Field Men:

1938

Has 1938 treated you right?
Has your existing association opened a bright future for you? Were you perfectly satisfied?

1939

THE MACCABEES can make this your best year. If you are a good, alert salesman, we will offer you the benefits of a sympathetic Home Office, liberal commissions and the most progressive plans of protection.

The Maccabees Detroit, Michigan

Men make money in their own business and then lose it in the other fellow's

Money invested in Life Insurance is worth just what it is represented to be when the Insurance was bought.

Those who put money into Life Insurance find it a great resource in days of trouble.

Life Insurance used to be called

"Die Insurance." You had to die to get the money.

Today men and women buy—"Living Insurance."

With its Legal Reserve Policies, completely modernized, for Men, Women and Children, this organization is well equipped to offer a complete Life Insurance program.

Equitable Reserve Association NEENAH, WISCONSIN (Forty Years of Proven Service)

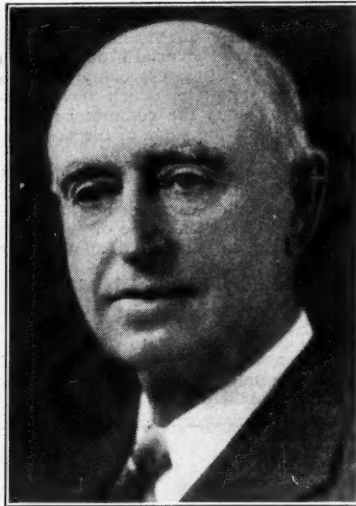
hood of Railroad Trainmen, Cleveland, discussed reinstatement of certificates running under extended insurance, and the various methods that can be used. He saw benefit in dating back the certificates. He said this works best if the dating back requires the holder to pay a sum in cash on the reinstatement.

Finds Life Insurance Best

A splendid paper comparing life insurance with investment trusts was given by Frank W. Bowen, assistant vice-president, Stifel, Nicolaus & Co., Chicago. This showed insurance superior in performance. Shrinkage of capital placed in investment trusts, he said, between 1930-1935 amounted to more than 30 percent if dividends are not included, but even if these are taken into account, investors would have been 12 percent better off to have left their funds in cash. Even assuming that the depression of the last 10 years is abnormal, he said, cycles will occur in investment. In bad times investment trust certificates rapidly lose their economic value, but life insurance carries out its promises. The mortality saving is the cushion largely responsible for this fine experience, and is a factor which no other financial plan has.

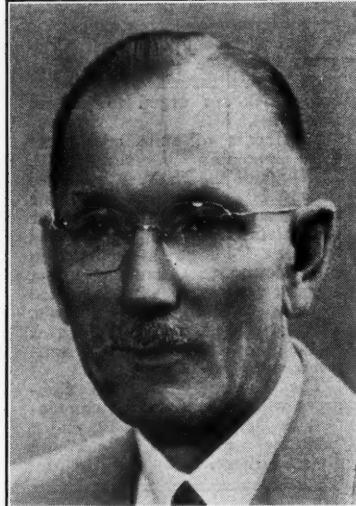
Mrs. Grace McCurdy, head of the Royal Neighbors, Rock Island, Ill., discussed methods of stimulating interest and increasing sales among juniors. A well conducted junior lodge is the best

Fraternal Leaders Meet in Chicago



C. L. BIGGS

C. L. Biggs, recorder Maccabees, Detroit, as president of the National Fraternal Congress, and A. O. Benz, president Aid Association for Luth-



A. O. BENZ

erans, Appleton, Wis., as president of the N.F.C. Presidents Section, took prominent parts in the mid-winter meeting of N.F.C. sections at Chicago.

stimulus, she said. District junior conventions also are valuable juniors.

A. R. Colvin, general sales manager Fidelity Life, Fulton, Ill., presided as association president. F. B. Mallett, field manager Protected Home Circle, Sharon, Pa., assisted as vice-president.

Fraternal Meeting Demand of Times for Modernizing

(CONTINUED FROM PAGE 1)

as president in opening the Presidents Section meeting. The fraternalists have stood the acid test of the depression years, he said. The public is appreciative of the principles and advantages of fraternal protection.

"The time has come," Mr. Benz said, "to carry the message to the public, and this is being done by a campaign of education among field workers."

A deep impression was made on the fraternalists by a rebroadcast in the field managers meeting of the 70th anniversary radio program of the A. O. U. W. of North Dakota—so much so that a second broadcast was arranged for those who had not heard the first one. It is probable as a result many more fraternalists will try this medium of reaching the public.

C. L. Biggs, recorder Maccabees and president N.F.C., extended greetings. He had presided previously at a meeting of the executive committee which was attended by Foster F. Farrell, executive secretary-manager N.F.C. S. H. Hadley, president Protected Home Circle, and past president N.F.C., gave the invocation in the Presidents Section.

L. A. Griffin, Moody's Investors Service, discussed municipal bonds as investments. He warned that it is practically impossible to know the market prices of municipals and therefore there is risk. There is no board nor active market for these securities, and no record of sales and quotations to serve as a guide. The fraternalists invest very largely in municipals. Mr. Griffin said fraternalists could help in inducing investment bankers to set up a bureau to prepare and furnish reliable quotations on municipals.

Bradley C. Marks, head of the A. O. U. W. of North Dakota, led a forum on the subject.

Carl H. Chatters, executive director,

Municipal Finance Officers' Association, discussed local government financing. He referred to the "industrial nomads"—businesses which seek to avoid taxes by moving to low tax areas. This has an effect on municipal securities and the ability of local governments to carry out obligations. Homestead exemptions, tax limitation laws, etc., are worthy of watching. Another factor is a greater volume of tax-exempt state and federal property in the tax districts, and another more prevalent exemption is on low cost housing projects.

Mr. Chatters noted that fraternal societies, although they bought municipals for high yield, have come out fairly well on them, with scarcely any scaling of principal or interest except on drainage and irrigation districts. He felt the tide in local government affairs is unfavorable to investors in municipal securities.

O. E. Aleshire, Modern Woodmen, discussed the Chatters paper, finding fraternalists because of their municipal security holdings, if for no other reason, have interest in local political situations; that they have an opportunity to contribute a public service. They owe it to society, he said, to make sure that better public officials are elected to office.

"Isn't there something we ought to do besides sell insurance?" he asked. "I wonder if we tried to improve human relations; if we launched ourselves into the service of better citizens and honest governments if we wouldn't be benefiting ourselves in the long run. When will excessive taxation and reckless spending be stopped? I wonder when will fraternal societies crusade for better government?"

Medical underwriting problems were discussed by Dr. H. B. Kennedy, medical examiner Woodmen of the World, Omaha. Dr. Kennedy said old line companies in the 20 years ended 1937 gained 498 percent insurance in force, from 18 billions to 110 billions, while fraternalists lost 21 percent, from 8 billions plus to \$6,619,000,000, or \$1,756,000,000 loss. Salesmanship and selection in the field have been factors in this shift, he said.

Urges Change in Methods

The fraternalists, he commented, evidently have failed to get their message across. The societies' workers should not start at the bottom of the social strata in their soliciting. The better the classes of applicants, the better will be the sales and underwriting results. Horse-and-buggy methods, senility and

dry rot held back many societies in the past, he said.

In the discussion, socialized medicine was taken up. The fraternalists felt a sane middle course should be possible, but warning was given that change in the practice of medicine should be made slowly, if at all.

Dr. Kennedy spoke for a national publicity campaign for fraternalists. N. J. Williams, president Equitable Reserve, told of a radio broadcast effort that was planned by a number of fraternalists but failed to be put in effect.

Arthur H. Brayton of Des Moines, secretary convention bureau, spoke on sales opportunities, and Otto C. Rentner, general counsel Aid Association for Lutherans, on statutory legislation. There was also a joint session with the law section on the social security act, with H. L. Ekern, president Lutheran Brotherhood, leading the discussion.

The entire convention met with the Fraternal Society Law Association at luncheon Tuesday in the annual Washington Day observance. Hill Montague, past N.F.C. president and head of the Mutual Life of Richmond, Va., delivered the address on George Washington.

Other sections meeting were Secretaries, Press, Medical, State Congresses, and the Fraternal Actuarial Association. A project to compile a text-book on "Fraternal Insurance Accounting," which for two years has been in a special committee headed by R. D. Taylor, consulting actuary of Cedar Rapids, Ia., was considered and the committee instructed to report to the actuary at the annual N.F.C. meeting in Detroit next August.

James A. Blaha, manager investment department Woodmen Circle, Omaha, gave a paper on investment portfolio for fraternalists. He urged that societies require municipalities from which they buy bonds to set up sinking funds as a means of guaranteeing fulfillment of the obligations.

Tolverson Presents Views

John S. Tolverson, treasurer Equitable Reserve, in discussion commented that sinking funds often are dissipated by succeeding city administrations. He spoke for requiring municipalities to apply funds as they are set up in retirement of the debt.

The actuaries discussed changes in the annual statement blank, the gain and loss exhibit and analyses of statements as to gain and loss. Earl Nicholson, of Joseph Froggatt & Co., New York, presided as president, assisted by Eugene H. Pakes, actuary Woodmen Circle, the secretary.

Arthur J. Abbott, Detroit, was advanced from vice-president to president in the annual meeting of the Fraternal Society Law Association. He succeeds E. W. Dillon, Columbus, O. A. J. Donovan, Chicago, treasurer, was elevated as vice-president; W. C. Ewan, Kewanee, Ill., was named treasurer, and R. F. Allen, Topeka, Kan., was reelected secretary. The association is 30 years old.

Societies so far have fared well in the heavy legislative year. O. C. Rentner, general counsel Aid Association for Lutherans, told the Presidents Section in an address on statutory legislation.

Perhaps the most serious bills, he said, are those filed in New Mexico to levy a 2 percent gross premium tax on fraternalists, there being four kinds of fees to pay in the state; bills to require medical examinations in Arizona and North Carolina; a 3 percent gross premium tax bill in Nevada; two bills pending in Nebraska to prohibit licensing foreign fraternalists after July 1, and a proposal in Kansas to limit society officers' salaries to \$10,000.

Mr. Rentner said in 15 states no legislation affecting societies adversely has been introduced. The North Carolina examination bill calls for a medical one week before a certificate is issued and a second one a week after issuance. The purpose of this is not clear.

General Agent W. H. Carter, Postal Union Life general agent at Los Angeles, has resigned.

FAMILY GROUP LIFE INSURANCE

SELLING like hot cakes!

One policy covers the entire family.

\$250 units at Ordinary Life rates.

Participating

\$5.65 at age 30 for \$250 insurance.

\$1,500 minimum policy.

You can always make money with this kind of policy in your rate book.

Write:

J. DeWitt Mills, Vice President, for a copy of Field Features and details of our agency proposition. Good territory available in Mo., Ark., Okla., Nebr., Texas, Colo., Utah, Wyo., Calif., and Fla.

CENTRAL STATES LIFE INSURANCE COMPANY
St. Louis, Mo. **Alfred Fairbank, Pres.**

Sales Ideas and Suggestions

Advises Use of One Sales Method in Insurance Work

W. P. Worthington, superintendent of agencies Home Life of New York, told the Boston Life Underwriters Association that the average salesman can seldom successfully combine two or more sales methods and get results. Sales methods, Mr. Worthington said, are usually separated into three distinct types—one, policy selling; two, specific need selling, and three, program. There are many examples of men who have been outstandingly successful in life insurance selling using any one of the three plans, but it has been a rare case where a man has successfully combined all three.

Three Methods Analyzed

Mr. Worthington analyzed the three methods of selling. In approaching a prospect from a policy selling angle the salesman must search for people who are actually thinking about buying more life insurance, either because they have analyzed their own situation, or because another salesman has done it for him but failed to follow through. Since few people want more life insurance when first approached, it means that a man using the policy selling method must tell his story to a great number of people to make a sale. At least 20 interviews a week is a minimum that has provided fairly successful results. The sales presentation is largely an explanation of all the attractive features of the policy with an illustration of how it works out at the age of the prospect.

Specified Need Selling

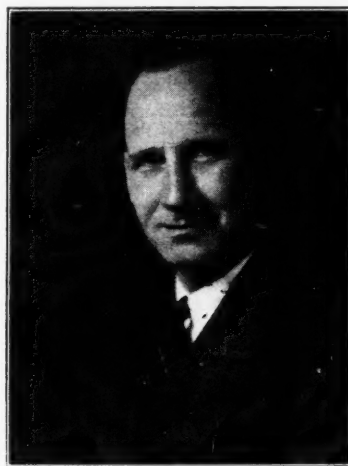
Specific need selling, continued Mr. Worthington, begins with training on four of the most common needs for life insurance such as a clean-up fund, family income or minimum income, educational funds, and the retirement fund. Thorough training perfects the salesman on a presentation for each of these specific needs. The prospecting problem is then to segregate the salesman's list according to the specific need which the salesman believes the prospect's situation calls for. He approaches them on that need. Often the consequence is a salesman who has found a presentation on a specific need that has the greatest appeal to him and, consequently, he begins to concentrate on prospects whom he believes are faced with that particular need for life insurance.

But, pointed out Mr. Worthington, such a salesman frequently finds a need on which he has based his sale already covered—then, he must shift to another need without creating an anti-climax in the interview. The specific need salesman, according to the experience of the Home Life can interview fewer people than the policy salesman, but he must still depend to a great extent on averages, and must have at least 15 closing interviews a week to make a reasonable success.

Program Selling Method

Program selling, or the planned estate method as Home Life calls it, requires a technique which differs in many respects from the other two methods. It has been the experience of Home Life that salesmen of tangible articles, who have in the past experienced sales on initial calls, respond to the general technique of policy selling or need selling. The planned estate method appeals to the creative or "idea" salesmen. The planned estate method is a two, and

quite often, a three interview sale. No attempt is made to close business on the first interview and in fact, the company emphasizes this vital factor in its training to insure success of the new man. The purpose of the first interview



W. P. WORTHINGTON

is not to sell, but to uncover the problems of the prospect—problems which some plan of insurance can solve. It might be called the "diagnostic interview," for the problem is diagnosed and then the prescription is written.

Closing Interview

The closing interview is a presentation again of the prospect's problems to be sure that he sees them clearly and then the planned estate salesman presents his plan for solving those problems. In such a method, the insurance policy that is used is secondary in importance. The really important factor is the client's problems, his hopes and ambitions. The company has found, according to Mr. Worthington, that a properly trained man can be successful with from three to five such problems uncovered per week and as many closing interviews.

In developing the technique of the planned estate method, Mr. Worthington brought out the hazards against which general agents must fortify themselves in their training of new men. His company has its highly organized sales presentation which its men commit to memory. This assures a proper parade of ideas, a proper build-up for the service, which results in obtaining certain objectives. However, unless watched, many men will merely recite words, sentences and paragraphs, instead of describing ideas with conviction and sincerity of purpose.

Clover Tells How to Get Out of Production Slump

KANSAS CITY—"The young underwriter can go out with a good sales talk he knows word for word, and, for a time, get good results," Wayne Clover, general agent of the Penn Mutual here, told the Young Men's Underwriters Association here. "After a time results start to drop off, however. Why? Because, unconsciously, the sales talk gradually changes and loses those char-

acteristics of freshness and force that make it effective."

Discussing ways of getting started out of a period of depression and non-production, Mr. Clover stressed the importance of approaching the task with courage and the determination to succeed. One man who has written between \$400,000 and \$500,000 of business for years, knew he couldn't get it on a few big cases in 1938. He met his problem by writing more, much smaller cases. He had to work longer with more people but he adapted himself to conditions. It was worth the time and effort.

Mr. Clover suggested use of the "rule of 3"—Know three organized sales talks, get three new names daily, give

three organized sales talks daily. This is a real program, and one no one wants to continue for a long period, but it will bring the young or old underwriter out of a slump if followed properly for 30 to 60 days. As a matter of fact it will guarantee \$500 a month or more.

Another salutary practice for the young underwriter is the production of an application a week. Getting some business once a week is the best tonic in the world for "feeling low." Clover pointed out, particularly for the young underwriter.

Mr. Clover recommended learning organized sales talks word for word, and emphasized an organized plan of work and presentation as the best way for the young man to get started.

Nine Methods for Securing New Business Suggested

Nine methods for getting 1939 business were suggested by J. Hawley Wilson, Massachusetts Mutual Life, Peoria, to the St. Louis Association of Life Underwriters.

He brought out that during the closing weeks of 1938 most agents pumped their prospect files dry and that during January most of their time was taken up delivering business applied for prior to the deadline. Over this stretch very little attention was given to injecting new blood into prospect inventories.

"A glance at the amount of life insurance owned by the average American," Mr. Wilson declared, "is striking evidence that there are still plenty of prospects. Sixty-five million thrifty Americans own an average of only \$1,700 of life insurance. Each of these has accumulated savings on deposit of slightly more than \$400 and obtained premiums of less than \$5 a month.

"Over the course of a year the typical home owner pays about 6 percent of his income in life insurance premiums, possessing contracts amounting to little more than twice his annual earnings. In the event of his death his insurance, when reduced in the usual case by payment of current indebtedness and final expenses, will yield an income to his family of \$100 a month for slightly more than two years, or \$50 a month for about four years. In a majority of cases life insurance constitutes the major if not the only part of the policyholder's estate."

Enumerates Business-Getting Suggestions

Mr. Wilson suggested the following as a means of securing closing interviews and obtaining immediate business as well as setting up production for the immediate future:

(1) Scan each examination completed during November and December. If this hidden list of prospects has not been checked, it will be surprising the number of prospects which can be secured from family history calculations and beneficiary clauses. In 16 applications last month Mr. Wilson uncovered 11 good prospects from this source, one of which has been converted to a policyholder.

(2) Peruse clientele who feel they have reached the protection saturation point.

This includes all owners of retirement income programs who feel they have adequate pensions but who may be induced to move up the maturity date of their insurance five or 10 years.

A typical example is a doctor who last fall completed his goal of having a monthly income of \$250 assured at age 60. He responded to the idea of saving \$33 more per month and having

the same income guaranteed five years sooner. This was accomplished by adding a new contract providing for \$35 additional income commencing at age 55, which together with the life income available at that age from his old contracts, moved up his pension date.

(3) Close salary saving cases.

Here is a decided tonic to restore a habit of closing business. Even the smaller cases may mean 10 or 15 applications more. It would be well to make a list of policyholders whose life insurance participates in the initial dividends during the first quarter of 1939.

Permits More Selling

This permits explaining to many policyholders whose dividends are sufficient to sustain the premium on \$1,000 or more that they have the privilege of authorizing the company to provide automatically for additional protection and that such will continue to be paid for in the future on the basis of the insurance dividend schedule.

(5) List clients who eliminated accommodation charges on their contracts last year.

In the case of one staggering his payments on a quarterly basis, the interest charged actually amounts to the equivalent of from 8 2/10 percent to 17 percent, depending on the company involved. Each year there are certain clients who accept the idea of eliminating the accommodation charge on their particular premiums and invariably, by conducting such a policy, they automatically find it possible to extend life insurance holdings the following year.

Establish Juvenile Business Quota

(6) Definitely establish a quota of juvenile business for the year.

Most agents are prone to continue soliciting those in their particular age bracket. Especially is this true of those who have been in business for 15 or 20 years, although it is evident that many clients have actually reached their life insurance goal. A systematic tabulation of the ages of policyholders' children may bring about some business automatically each year.

(7) Check policyholders who for several years have arranged for their life insurance to be liquidated under the interest options.

With the continued drop in interest rates allowed on life insurance proceeds, which has fallen off as much as 40 percent the last six or seven years, there are many programs that yield additional income. Where the individual cannot afford such additional premium they may accept the idea of buying a certain amount of family maintenance and having the computed amount paid out for

seven or 10 years until their children are through college.

(8) Scan contacts for women owning a general estate sufficient to justify life insurance to provide liquidation upon their passing.

Many women owning a general estate of some size are not aware of the substantial clipping which will be made by the federal and state governments upon their passing. Mr. Wilson cited an experience he had last year in which he pointed out to a widow with four children who had an estate of approximately \$300,000 with no life insurance, that her estate would be saved \$7,100 in federal and estate taxes if \$40,000 was shifted to single premium ordinary life contracts.

(9) Qualify prospects for business life insurance, if possible.

"Where Do We Go from Here?"

(CONTINUED FROM PAGE 15)

ance should be torn apart and rebuilt along lines closer to New Deal theories. Gesell's questioning of President M. J. Cleary of the Northwestern Mutual and Secretary Samuel Mooers of the Acacia Mutual was extremely friendly, no effort being made to put either men in a hole or bring out anything capable of even the slightest unfavorable inference about either company.

Most of Gesell's questioning of Mr. Cleary was on elections of directors by policyholders and laid great stress on the Northwestern's unique system of having each year a committee of five policyholders scrutinize the management's work and audit the company's books, employing any auditing firm they may choose, at the company's expense. Mr. Cleary made it clear that this committee, different each year except for one holdover member to give continuity, has an absolutely free hand to dig into any phase of company operations it cares to and to call any official of the company before it and question him.

Valuable suggestions have come from having this committee, Mr. Cleary said, adding that it keeps the officers from feeling that they own the company but are on the contrary hired hands, accountable to the policyholders at all times.

Acacia's Big Vote

What the SEC liked particularly about the Acacia Mutual was its success in getting approximately 25 percent of eligible policyholders to take part in elections, as against about 2.5 percent for the next best showing. The Acacia sends two and sometimes three mailing pieces to policyholder prior to elections, at a cost which Secretary Mooers estimated at about 10 cents per piece. Gesell also brought out that opportunity is given for policyholders to select their own nominees by mail, anyone getting 25 nominations being entitled to a place on the ballot.

One of the committee asked if there were anything about the Masonic back-

ground of the Acacia which contributed to the unusual amount of interest its policyholders take in the elections but Mr. Mooers thought it mainly due to the system used to encourage voting and nominations.

Stresses Federal Charter

Gesell also brought out that the Acacia operates under a charter from Congress. Observers wondered if Gesell's linking of a high degree of policyholder participation foreshadowed an attempt by the SEC to contend for the desirability of bringing life companies under national rather than state supervision. It was also brought out, however, that Congress exercises no supervisory power over the Acacia, that being done by the District of Columbia and the states in which it operates.

Fortunately for the preservation of life insurance stability, Assistant General Counsel Bell of the Mutual Life of New York was permitted to make an important point: that the requirements of the New York law making it somewhat difficult for an individual policyholder or small group to stir up a factional fight were put there at the request of the New York insurance superintendent in 1915 following a case where the Mutual Life had had to spend a needless \$40,000 because the existing law made it easy for a single policyholder to get an opposition ticket before the policyholders.

Mr. Bell quoted a portion of the then superintendent's communication to the legislature, which pointed out the needless expense of forcing companies to file duplicate lists of policyholders with the department, as then required, and suggested that the law be amended to make the superintendent responsible for seeing that policyholders, at his discretion, were given a chance at a list when the demand seemed justified.

Vice-chairman Sumners may have had this sort of situation in mind when he made the statement, already quoted, that he doubted that a practicable system could be put in force to give policyholders actual control or that they would exercise control wisely if they were given it.

EQUITABLE'S POSITION

Exchange of Correspondence Between Parkinson and SEC Is Revealed

Equitable Society has published for the benefit of its agents company correspondence in relation to the Securities & Exchange Commission investigation. In September of 1938, Equitable made a complete reply to a detailed SEC questionnaire, dealing principally with historical data concerning the company, its corporate structure and development.

The 112 page second questionnaire has now been received. This is devoted to questions relating to investment policies and practices and reply must be made by April 1. Up to this time, Equitable states, no SEC examiners have been to the Equitable's office and no officer of Equitable was requested to appear at the hearings that were held in Washington.

"The attitude of the society with respect to the desire of the federal government to obtain information concerning the business of life insurance has consistently been one of cooperation and helpfulness," Equitable states.

The following letter was sent by Ernest J. Howe, chief financial adviser insurance section SEC, to President T. I. Parkinson of Equitable Society.

"As you are undoubtedly aware, the temporary national economic committee has directed the Securities & Exchange Commission to undertake a study of the insurance business.

"The commission will seek information through questionnaires and public hearings to be held under the auspices of the committee. Any communications, however, embodying suggestions

which may tend to expedite the work of this inquiry, the commission will be glad to receive."

In his reply, Mr. Parkinson stated: "We have frequently expressed our desire to be helpful to the monopoly committee. . . May we suggest, however, that it is difficult to make general suggestions respecting a business covering so wide a field as does the mutual life insurance business in the absence of more definite information than we now possess of the nature and scope of your present inquiry. Therefore, before attempting to make such suggestions as you request we would appreciate further word from you as to the ways and means of facilitating practical cooperation in expediting your study."

A. M. BEST'S COMMENT

Alfred M. Best of New York City, in his talk before the Ohio Farmers meeting stated that he made his bow in insurance 47 years ago when the business was small compared to what it is today. He said that insurance now is surrounded by critics. He referred to the SEC investigation at Washington as an outcropping of what is in the public mind. Shortly after the so-called monopoly committee was appointed, T. C. Blaisdell, director of inquiry for the SEC, visited Mr. Best to ascertain his views on insurance. Mr. Blaisdell said that the process was not to be a witch burning affair but was to be a thorough and unprejudiced inquiry into life insurance, not only the investment phases but the operating ones as well. Mr. Best then asked him if it was the intention after finishing with life insurance to go further and take up fire and casualty. Mr. Blaisdell replied that while this was not definitely settled it was almost certain that it would be done.

Mr. Best's Comment

Mr. Best told him that if the committee made a thorough and fair investigation it would find that life insurance is conducted very economically, that the assets were selected with great skill with regard solely to security, that the policyholders are very well treated when it comes to distribution of dividends and that in general the conditions which were revealed by the Armstrong committee in 1906 had been entirely remedied. Mr. Best said there is really very little about the business which was fairly open to criticism. He further said that the committee could not find anywhere a more honorable and more able group of men than the officials that administer the insurance companies of all classes.

Douglas Watched for SEC Moves

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for manipulation. The fact that railroads or banks or operating utilities lie somewhere deep underneath the corporate maze becomes incidental. Values become translated. Service to human beings becomes subordinate to profits, to manipulators. The stage setting is perfect for the disappearance of moral values. Individual responsibility before God has no counterpart in the corporate system."

Thus, it appears that Douglas feels very strongly that size alone is prima facie evidence of evil and that the burden of proof is on the heads of large enterprises to show what they are not guilty of degrading moral values and plunging the nation into communism or fascism. Life insurance men were also interested to observe that when the resignation of Justice Brandeis of the United States Supreme court was announced, Douglas was one of those mentioned as a possible successor.

Of course, no matter how ably and powerfully an SEC chairman may denounce large corporations as evil or plead that life companies should be brought under the federal wing, the

final decision is up to Congress. Consequently, the congressional members of the monopoly committee were also the subjects of close scrutiny by life company observers. None of the congressional members seemed at all excited about the SEC's revelations.

Senator King of Utah lost no opportunity to make it clear he felt the companies are doing a fine job. Chairman O'Mahoney, though observing that size in corporations brings on problems entirely apart from management's integrity or abuses, appeared to find no fault with practices revealed, except for the ballot irregularities, which he conceded after a reporter's insistence, could be called an abuse, though he made it clear he did not regard the matter as a serious offense.

Rep. Hatton Sumners of Texas, who took O'Mahoney's place as chairman when O'Mahoney became too ill to carry on, showed no signs of horror at the operations of life companies as brought out by the SEC. The other two committee members from the house of representatives had little to say which would indicate any attitude one way or the other.

The hearing would undoubtedly have been livelier if it had not been for the absence, due to illness, of Senator Borah of Idaho. Borah is colorful but unpredictable. While the life people felt very sorry for Mr. Borah personally on account of his illness, their ordeal was probably easier than it would have been if Borah had been on hand.

Judge Sumners, as everybody calls him, is the most colorful man on the committee. Originally from Tennessee, he has a Southerner's drawl and a Texan's breeziness. He is just as likely as not to stop some younger witness by informally interjecting, "Hold on, there, boy!" and then clear up the point in brief and usually witty fashion. When Gesell was bringing out how little it cost Acacia Mutual to notify its policyholders by mail of directors' elections and that a larger company could do it for even less because of greater volume, Judge Sumners asked Gesell, "Do you get a reduction on stamps?" Everybody howled and Judge Sumners apologized to Gesell for taking a mean advantage of the opening.

When President M. J. Cleary of Northwestern Mutual was testifying he was hampered by a bad case of laryngitis and Sumners borrowed a throat lozenge from him. Later, after sending out for a fresh box, Sumners turned it over to Mr. Cleary remarking that he wanted to be sure nobody would think he was trying to bring undue influence to bear on a company official. Sumners' remark was particularly pat, since it came at the end of long drawn out testimony aimed at determining whether directors profited personally through their positions on life company boards.

TWO AGENTS ARE SUBPOENAED

Two of the agents of Metropolitan Life who testified at the SEC hearing that they had forged signatures of policyholders to ballots for the biennial election of that company, have been subpoenaed by District Attorney Dewey of New York. Those agents are Edward Schurr and Bruno Silbiger. Dewey got from the SEC the transcript of the testimony of Schurr and Silbiger. It is said that Dewey subpoenaed the two to testify as to the background of the elections in which they had participated.

KIPLINGER SEES 2-3 YEAR QUIZ

The Kiplinger Washington Letter the other day contained a reference to the SEC investigation, expressing the belief that it would last for two or three years and will be "a major effort at financial reform." Kiplinger states that there are no charges against insurance managements but government officials believe that insurance should be supervised in some way by a national authority. Kiplinger suggests that sentiments may be created in favor of having government directors sitting on company boards.

